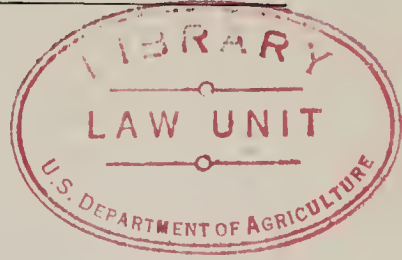


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SUGAR



HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 5463

AN ACT TO AMEND AND EXTEND THE SUGAR ACT OF 1948,
AS AMENDED

MARCH 27, 1961

Printed for the use of the Committee on Finance



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WASHINGTON : 1961

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SUGAR

MONDAY, MARCH 27, 1961

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 2221, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Anderson, Douglas, Talmadge, Hartke, Fulbright, Williams, Bennett, and Curtis.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The subject matter before the committee is H.R. 5463.

(The bill and brief analysis thereof follow:)

[H.R. 5463, 87th Cong., 1st sess.]

AN ACT To amend and extend the Sugar Act of 1948, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective March 31, 1961, section 412 of the Sugar Act of 1948 (relating to termination of the powers of the Secretary under the Act) is amended to read: "The powers vested in the Secretary under this Act shall terminate on December 31, 1962, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1962 and previous crop years".

SEC. 2. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "September 30, 1961" in each place it appears therein and inserting in lieu thereof "June 30, 1963".

(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "September 30, 1961" where it first appears therein and inserting in lieu thereof "June 30, 1963", and by striking out "September 30, 1961" where it appears therein the second time and inserting in lieu thereof "September 30, 1963".

SEC. 3. Effective March 31, 1961, section 408 of the Sugar Act of 1948, as amended (relating to suspension of quotas), is amended by striking out of subsection (b) "for the period ending March 31, 1961" and inserting "for the period ending December 31, 1962"; and by striking out of paragraph (b) (1) "for the balance of calendar year 1960 and for the three-month period ending March 31, 1961" and inserting "for the period ending December 31, 1962"; and by inserting immediately before the colon in subparagraph (2) (iii) of subsection (b) a semicolon and the words "except that any amount which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased" and by inserting in the "provided" clause a comma after the phrase "additional amounts of sugar" and inserting immediately thereafter the phrase "including any amounts which would otherwise be purchased from any such country with which the United States is not in diplomatic relation,"; and by striking out the semicolon at the end of subparagraph (b) (2) (iii) and inserting "except that consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities;"

Passed the House of Representatives March 21, 1961.

Attest:

RALPH R. ROBERTS,
Clerk.

BRIEF SUMMARY OF PRINCIPAL PROVISIONS OF H.R. 5463

H.R. 5463 will amend those provisions of the Sugar Act respecting foreign purchases which were established by Public Law 86-592, as follows:

Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

(1) An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then

(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; and then

(3) To the Republic of the Philippines 15 percent of the remainder; and then

(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then

(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

The bill continues the President's present authority to obtain refined sugar if raw sugar is not reasonably available.

The CHAIRMAN. The committee is very much honored to have Senator Ellender, chairman of the Agriculture Committee of the Senate.

Senator Ellender, will you proceed, sir.

STATEMENT OF HON. ALLEN J. ELLENDER, A U.S. SENATOR FROM THE STATE OF LOUISIANA

Senator ELLENDER. Thank you very much, Senator Byrd and members of the committee.

I am very glad of this opportunity to say a few words to you in respect to the measure that is now before you.

In order to save the time of this committee, I am appearing here today on behalf of those who represent all segments of the U.S. sugar-producing and refining industry. This industry, incidentally, includes many of my own constituents in Louisiana who are engaged in the production of sugar. It also includes the sugarcane producers of Florida, Hawaii, and Puerto Rico; the sugar beet industry in 22 States, stretching from the Great Lakes to the west coast; and, as well, the cane sugar industry with operations in 14 States, including Louisiana.

I appear before you to say that these groups endorse without qualification the bill before you—H.R. 5463—and urge this committee to report it, unchanged, today, so the Senate may enact it without delay.

The groups for whom I speak, Mr. Chairman, are listed in a letter of February 9, 1961, addressed to the chairman of the House Agriculture Committee, which I ask permission to insert in the record at the end of my testimony.

The CHAIRMAN. Without objection the insertion will be made.

Senator ELLENDER. On my own behalf, as well as for our domestic sugar industry, I want to say that we have no argument with what

seems to be the basic objective of those who asked for this hearing—that is, to enable farmers who are not now producing sugar in the United States to do so. The question is how much sugar and where? The answer is not simple.

We all know that time is of the essence and we must act between now and midnight of March 31, when the present Sugar Act expires, to develop the kind of legislation which appropriately and sensibly recognizes these demands for growth. As a practical matter, the recognition of these aspirations requires an adjustment of many other features of the act.

The bill under consideration, H.R. 5463, would extend the basic provisions of the Sugar Act for another 21 months, until the end of 1962. However, I firmly believe the act will be amended further this year. We have the assurance, as contained in the report of the House Agriculture Committee on this bill, that hearings will begin come May of this year on a long-range sugar bill.

I wish to interpolate at this point, Mr. Chairman, that I shall do all I can to get the committee of the House to act promptly. As all of us know, there have been slight delays in the past which has caused many of us quite a lot of worry. It is my hope that I, together with others, can induce the House committee to proceed without much delay.

The groups for whom I speak have pledged to cooperate with the committees of the Congress, to the end that as soon as H.R. 5463 is passed, a long-range Sugar Act will be developed, which will recognize, as far as practical, the justifiable desires and abilities of people in new areas who want to produce sugar beets and sugarcane. And I shall personally work for the enactment of such legislation during this session of Congress, as I have just indicated.

It has been argued that a shorter extension of the present law will provide more incentive to enact long-range legislation this year. I maintain that the urgent necessity for putting the Sugar Act back again on a long-range basis, and the obvious need for making some provision for new growers and new areas to enter, are pressures compelling enough to prompt such legislation this year. The 21-month provision of the present bill is a desirable and necessary "margin of safety."

We should remember that most of the sugar produced this year will not be marketed until next year. Our growers and refiners need the assurance that there will be a sugar law next year, which a 21-month extension now will give, in order to obtain the necessary financing to produce and market this year's crop.

Time is running out on the present Sugar Act. Today is the 27th day of March. The Senate and House schedules call for a brief recess of a few days, beginning at the close of business on Thursday, March 30, so we can fittingly and respectfully observe one of the most sacred and solemn commemorations of the religious calendar. That means that we have to complete work on this bill before midnight on March 30, so the President will be able to sign it before midnight on the 31st. From here on out we have to keep our eye on the clock as well as on the calendar. Otherwise, the sugar program, which has served our Nation so well for more than a quarter century, will die.

Now let me tell you what would happen if the Congress should allow that to occur.

The stability which has characterized both sugar supplies and prices under the operations of the act would be replaced immediately by chaotic conditions in the sugar market. If this act should pass out of existence, the farmers would have no assurance that conditional payments already earned on the 1960 crop would be paid.

The importance of the sugar program to our domestic sugar industry and to our national welfare is, I know, well recognized by this distinguished committee. On the 26th day of January 1956, this committee—then, as now, under the leadership of the distinguished Senator from Virginia, Mr. Byrd—said, on page 6 of the report issued in connection with a renewal of the Sugar Act then under consideration:

For many years it has been the policy of the U.S. Government for defense and strategic reasons to preserve within the United States the ability to produce a portion of our sugar requirements. This has been done because sugar is an essential and vital food product needed by American consumers, the supply of which on a worldwide basis has been marked by periods of alternating scarcity and surplus.

A large portion of the world's sugar production is grown in tropical countries with essentially one-crop economies, where cheap labor is abundantly available. An additional large portion is distributed among the majority of the countries of the world which, like the United States, provide protection to their sugar industries. In these circumstances, it is unlikely that a significant amount of sugar would be grown in the continental United States if American producers had to compete on the open world market with sugar produced with cheap tropical labor.

But there is still a further and grave situation which would happen if the Sugar Act should be allowed to expire—even for a day, even over the Easter weekend. The authority by which the President of the United States keeps Communist sugar from Castro's Cuba out of our country is in the Sugar Act. If the Sugar Act expires, even for a little while, there is nothing to prevent any foreign sugar, including Cuban sugar, from coming into this country immediately.

Castro would be able to divert shipments already at sea, now headed to Communist China or Red Russia, and get them to our ports perhaps in a few hours. Sugar ships now loading in Cuba would be able to reach our ports this week. I am sure that the minions of the Kremlin now ruling Havana are watching with intense interest to see what this committee does here today.

Mr. Chairman, I will take only a moment more—to recapitulate. Representatives of established sugar producing and refining industries of this Nation have asked me to urge you to approve today, and send to the Senate floor by tomorrow if possible, the bill before you—H.R. 5463—without change. A single amendment might necessitate a conference between the House and Senate and passage again by both Houses—and there simply is not time for that before the expiration hour of this act. The many complications involved in developing long-range sugar legislation, including full consideration of the aspirations of new growers, will be explored fully later in this session, and I firmly believe a long-range bill will be passed later this session. But the welfare of our Nation makes it imperative that this temporary bill—H.R. 5463—be passed in the few remaining hours before midnight of March 31.

That concludes my statement, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Ellender.
(The letter previously referred to follows:)

WASHINGTON, D.C., February 9, 1961.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CONGRESSMAN: This is a confirmation of our telephone conversation of last week.

All segments of the domestic sugar industry will heartily support your efforts promptly to obtain an extension of the Sugar Act for a period up to 21 months.

The industry believes, however, that a short term extension of the Sugar Act should not delay an effort also to obtain long-range legislation at this session of Congress. It is our understanding that you concur in this view.

In the past, the industry has not felt qualified to pass upon any emergency Presidential power affecting the Dominican Republic which may be required in any extension of the act; nor does it now.

As you know the act expires on March 31 of this year. All who know the requirements of consumers of this country, whether by way of household packages or industrial products, know that the national sugar policy embodied in the Sugar Act should be extended by law well before this March 31 deadline.

We deeply appreciate the consideration which you and your colleagues on the committee have given to the problems of our industry.

Very sincerely yours,

For the Puerto Rican Sugar Producing Industry: Dudley Smith, Vice President, Association of Sugar Producers of Puerto Rico. For the Hawaiian Sugar Producing Industry: Sanford L. Platt, Vice President, Hawaiian Sugar Planters' Association. For the Louisiana and Florida Sugar Producing Industry: Josiah Ferris, Washington Representative. For the U.S. Cane Sugar Refining Industry: Irvin A. Hoff, Executive Director, U.S. Cane Sugar Refiners' Association. For the Domestic Beet Sugar Producing Industry: Loren S. Armbruster, Secretary, Farmers & Manufacturers Beet Sugar Association, Saginaw, Mich.; Richard W. Blake, Executive Secretary, National Beet Growers Federation, Greeley, Colo.; Gordon Lyons, Executive Manager, California Beet Growers Association, Ltd., Stockton, Calif.; E. W. Rising, Executive Vice President, Western Sugar Beet Growers Association, Washington, D.C.; Merrill E. Shoup, President, Holly Sugar Corp., Colorado Springs, Colo.; A. E. Benning, Executive Vice President and General Manager, The Amalgamated Sugar Co., Ogden, Utah; Frank A. Kemp, President, The Great Western Sugar Co., Denver, Colo.; Robert H. Shields, President and General Counsel, U.S. Beet Sugar Association, Washington, D.C.

The CHAIRMAN. We are honored to have Senator Milton Young with us. Will you proceed?

STATEMENT OF HON. MILTON R. YOUNG, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator YOUNG. Thank you, Mr. Chairman, and members of the committee.

I appreciate appearing before this committee, and especially taking me out of order.

Mr. Chairman, in order to conserve time, I will ask that a telegram from the Red River Valley Beet Producers Association be placed in the record, as well as letters from Mr. E. N. Dornacker, president of the North Dakota Tri-County Sugar Beet Association and Mr. C. J. Campbell, secretary of the Minnesota-Dakota Sugar Beet Development Association.

(The telegram and letters referred to follow:)

GRAND FORKS, N. DAK., *March 23, 1961.*

Senator MILTON YOUNG,
New Senate Office Building,
Washington, D.C.:

Red River Valley Beet Growers Association of North Dakota and Minnesota want 21-month extension of Sugar Act passed as soon as possible. We are opposed to idea that any State or area be given special consideration of any kind. However, if any should be given, we think we are entitled to consideration as we have requests for 180,000 to 190,000 acres from farmers who have land proved to be adopted to growing of sugar beets. Please present this to Finance Committee for their consideration.

R. T. ADAMS,
H. M. TROWBRIDGE.

NORTH DAKOTA TRI-COUNTY SUGAR BEET ASSOCIATION,
Mayville, N. Dak., March 23, 1961.

SENATE FINANCE COMMITTEE,
Washington, D.C.

GENTLEMEN: In regard to the extension of the Sugar Act it is the feeling of our members that if there is to be any special allotments given to any group or area, under the short term Sugar Act, we request that equal consideration be given our North Dakota farmers.

The Tri-County Sugar Beet Association is composed of 529 farmers, who would like to grow 58,305 acres of sugar beets. Our farms are located in the heart of the Red River of the north on the North Dakota side. Our farmer members are farming about 400,000 acres of land. If we could get beet acres we would divert 58,000 acres to summer-fallow and 58,000 acres to sugar beets each year.

In the case of barley of which North Dakota ranks first in bushels produced, this would reduce our acreage of barley by 116,000 acres. The valley farmer in our area averages 35 to 50 bushels per acre in yield.

As you can see, should our members become beet growers, in our case it would reduce the production of barley by over 4 million bushels each year.

Sincerely yours,

E. N. DORNACKER, *President.*

MINNESOTA-DAKOTA SUGAR BEET DEVELOPMENT ASSOCIATION,
March 24, 1961.

SENATE FINANCE COMMITTEE,
Care E. W. Rising,
Washington, D.C.

GENTLEMEN: I am secretary of the Minnesota-Dakota Sugar Beet Development Association, which represents eight sugar beet development groups, located in the Red River Valley of Minnesota and North Dakota. These eight groups have a current dues paying membership of 1,501 and have requested 130,819 acres of sugar beets.

Speaking for and on behalf of the membership of the Minnesota-Dakota Sugar Beet Development Association, I request that if any new area is to receive special consideration regarding the growing of sugar beets under the present extension of the Sugar Act, that this area represented by the Minnesota-Dakota Sugar Beet Development Association be given equal consideration.

Yours very truly,

C. J. CAMPBELL, *Secretary.*

Senator YOUNG. Mr. Chairman and members of the committee, in this telegram our producers are asking for an additional acreage from 180,000 to 190,000 acres.

If the committee sees fit to make additional acreage available, I respectfully request that the Red River Valley of North Dakota and Minnesota receive its proportionate share of any such increase.

At the present time, over 98 percent of those farmers not having sugar beet allotments have organized sugar beet development associations to promote the production of sugar beets in their respective areas.

The Red River Valley of North Dakota and Minnesota is ideally suited for sugar beet production. It has large farms of fertile, level land, facilitating large-scale mechanized production.

It has adequate natural rainfall to provide the necessary moisture for sugar beets.

The major crops of Red River Valley, other than sugar beets, are primarily crops which are in surplus.

This is an area which, I daresay in the past 5 years, has produced an average wheat crop of 30 bushels to the acre. It is also the principal barley-producing area of the United States, and another crop which is in surplus.

I would like to point this out: In producing sugar beets in this area, land must be summer fallowed, prepared a year before, so when you have a hundred acres of sugar beets, you are actually taking 200 acres out of production of another crop.

Sugar beet production in this area, is therefore, most desirable.

At the present time Red River Valley has approximately 1,200 growers of sugar beets, producing 103,500 acres. From the standpoint of availability of suitable land this acreage could be tripled in the next 10 years, and farmers could increase their sugar beet acreage as rapidly as processing facilities are made available.

Mr. Chairman, there is very little time left for reenactment of the Sugar Act before the expiration date.

I would be glad to support a committee recommendation for a simple 21-month extension.

I hope, however, that the time will not be far off when greater sugar allocations can be given to our domestic producers.

I think the Red River Valley Beet Producers Association of North Dakota, and other similar organizations in this area, as well as other areas, have made a good case for increased production.

Senator ANDERSON. Could I make a comment on what Senator Young said?

Senator YOUNG. Yes.

Senator ANDERSON. Senator, you are suggesting, are you not, that the Red River area in your State has 103,000 acres now?

Senator YOUNG. Yes, 103,500 acres.

Senator ANDERSON. And you think that could be tripled?

Senator YOUNG. Yes, many times more than that.

Senator ANDERSON. Do you believe, then, we should freeze it for 21 months to put it through two new seasons so that they could not possibly increase it while it is being increased in Mexico and in Peru, the Dominican Republic? Don't you believe that farmers in North Dakota and Minnesota have some rights, too?

Senator YOUNG. Yes, Senator, I would like to see our domestic producers given a better allocation.

Senator ANDERSON. Good.

Senator YOUNG. If that is not possible, then I would support the 21-month extension. But I think we should start working in this direction.

Senator ANDERSON. I know how carefully and militantly and constantly you have supported the farmers of your State.

Senator YOUNG. Thank you.

Senator ANDERSON. Particularly on Durum Wheat, where I did not always agree with you, but you have done a fine job, Senator Young, and I would be the very first one to admit it.

Now, the situation of the very able Senator from Louisiana is a little different. The cane producers are not using all their acreage right now or were not the last time I noticed, so 21 months to them does not mean a thing. But it means quite a little to you and to your farmers.

Senator BENNETT. May I ask a question: Do you think between now and Thursday night, considering the rules of the Senate, we can rewrite the Sugar Act and get a bill through the House and take all these very complex problems and solve them? Don't you think we need—is not the real purpose of the extension, regardless of the number of months involved, to give us time to handle this complex problem?

Senator YOUNG. I am not nearly as familiar with the handling of the program as you and other members of this committee are. But I wanted to point out that I do believe that we should work as fast as we can toward giving domestic producers greater allocation, and if it is not possible to do that now, I hope the time would not be far off. I would therefore support an extension of the present act.

Senator ANDERSON. I would just like to remind Senator Young, when we had this matter up in July of 1960, the House committee put in a conference report this language:

As part of the understanding by the conferees, it was agreed that the conference on the part of the House would undertake to pass a sugar bill and transmit such to the Senate on the earliest possible date after the reconvening of the House in August.

That was August of 1960.

We would not have had a conference report. It was close in the Senate, and we had to wrestle with it until early in the morning. There were only three Senators from the Finance Committee present, Senator Long of Louisiana, Senator Bennett, and myself, and the only way we reached agreement was as the result of an absolute ironclad promise that something would be done by August of 1960.

Does the Senator recall anything being done? We get this same thing, I will say to the Senator, every time, 24 hours, 36 hours, at the most, "You have got to do it now. It is too late now to fool with it."

This is exactly what is being said here.

"Do you think you can write a whole new bill in 24 hours?" Every time it is the same story, because the House refuses to upset the situation.

The only way the Senate will ever get any good done for its people is to fool the House on it one time.

Senator CURTIS. Senator Young, you, with your longtime experience on the Committee on Agriculture, are you of the opinion that a substantial increase in domestic sugar production would be a good thing?

Senator YOUNG. Yes. I can think of nothing that would help agriculture more in this country, and it would go a long way toward solving the surplus problem.

As I pointed out in my State in order to grow 1 acre of sugar beets, you summer fallow the land a year before, so the land is idle for a whole year. This means it takes 2 acres for 1 to produce sugar beets.

Senator CURTIS. And you would also agree that to do that would be in the best interests of the total economy of the United States, considering our overall agricultural problems?

Senator YOUNG. Yes. I am alarmed at, sometimes at, the uncertainty of our supply of sugar from foreign countries.

Supposing we had trouble with Latin American and South American countries like we had trouble with Cuba, our supply of sugar would be in a precarious situation.

Senator CURTIS. Well, entirely independent of that from the dollars and cents standpoint, when we consider the low cost of the sugar to the consumer over a period of years, as compared with other prices, and when we consider the burden on the Treasury for our overall agricultural program, to have a just and fair increase of domestic production of sugar would be in the interest of the general economy, do you not believe?

Senator YOUNG. Certainly. I think one of the big problems contributing to our surplus trouble is our imports of agricultural commodities which we can easily produce in this country.

I realize that you have to import in order to export, but I do not think we should be importing commodities which for various reasons, it is better to produce in this country. I certainly think we should be producing a higher percentage of our sugar needs in this country now than we are.

Senator CURTIS. We are importing roughly 45 percent of our sugar consumption, and that is exclusive of what we get from our offshore possessions and territories; is that not true?

Senator YOUNG. Yes; that is right; and sugar is made available to the consumers of the United States at a reasonable price.

Senator CURTIS. Now, my next question does not call for an involvement in what is the best procedure, and conflict with the House, or anything of that sort. I do not want to minimize those problems, but I am not trying to discuss them at this time.

Do you feel that a long-range program of orderly and gradual increase of our domestic production should be undertaken as soon as possible before additional foreign producers feel they have a vested interest in our consumptive market here? Do you believe that?

Senator YOUNG. Yes; I do, and this is the danger: If you give a greater allocation to foreign countries, which you cannot maintain in the future, we are causing ourselves some trouble, and probably some enemies.

Senator CURTIS. Yes. If they are given something temporarily, if that temporary period is extended too long, and then it is changed at a later time, it may be regarded as an unfriendly act.

Senator YOUNG. Yes; that is right.

Senator CURTIS. Yes. I think also that the first step—I see the distinguished chairman of the Foreign Relations Committee here; I do not want to solve all his problems—but I think one of the first things

necessary in dealing among nations is that you win the respect of other people, and certainly if there was any other nation in the world that had the agricultural problems that we have involving all of the billions of dollars, the billions it does annually, and that other nation happened to be importing 45 percent of a product that they could produce more of, I am afraid that we would question them a little bit, and we would not quite respect them as much as if they solved their problems a little better.

Senator YOUNG. Well, I have followed this situation quite closely for years, and I do not know of a single foreign country when they find themselves with surplus farm products that do not impose some kind of restrictions on imports, particularly from the United States, and that includes our good neighbor to the North, Canada, as good a neighbor as we have.

Senator CURTIS. Mr. Chairman, I do not wish to take further time, but I ask unanimous consent at the close of Senator Young's statement that I may insert a statement in the record.

(The statement referred to will be found at the end of Senator Young's statement.)

Senator YOUNG. Thank you, Mr. Chairman.

Senator FULBRIGHT. Mr. Chairman, may I ask him a question?

The CHAIRMAN. Senator Fulbright.

Senator FULBRIGHT. The Senator from Nebraska raised the question. As the Senator from North Dakota knows, I am very new on this committee, and I know very little about this subject.

Senator YOUNG. You are far better than a green hand. If I may use the expression?

Senator FULBRIGHT. And he was asking about its effect on our overall economy, and whether this would be a good thing.

Can you tell us how much have the sugar producers received in direct subsidy since the Sugar Act has been in effect?

Senator YOUNG. Are you asking me that question?

Senator FULBRIGHT. Well, yes. You are an expert on this subject, are you not?

Senator YOUNG. I do not have the figures on hand. I suppose it has run into a sizable amount, but there would be no need for any subsidy whatever if American producers were given the same import protection that the producers of other countries are given for their farm commodities.

This is a crop which needs no subsidy whatever if we would just regulate the imports a bit.

Senator FULBRIGHT. You mean you could change the subsidy to a high tariff? If you would put a high enough tariff on it it would enable you to sell it without a subsidy; is that what you mean?

Senator YOUNG. This is what other countries are doing. When the price of flax or rye in Canada is up, and the price is down in the United States, we can start shipping up there. After a while they impose an embargo on our grains.

Senator FULBRIGHT. Senator, I do not know enough about it to argue with you. I am trying to learn about our own situation here.

Is it a fact that we have paid a large amount of direct subsidy to the producers of beet sugar in this country?

Senator YOUNG. Well, almost every segment of our agriculture is now being subsidized in one form or another. This is so because we permit these imports.

Senator FULBRIGHT. Senator, I am only asking you about sugar. I am familiar with cotton. I know about that. I do not know about sugar because we do not grow any in my State, but do the sugar producers receive a direct subsidy?

Senator YOUNG. That is correct.

Senator FULBRIGHT. Do you know about how much?

Senator YOUNG. No; I do not have the figures.

Senator FULBRIGHT. Is it in the neighborhood of \$1 billion, \$1.5 billion in the last 15, 20 years?

Senator YOUNG. I have not gone into it. I am not a member of this committee that deals with the financial—

Senator FULBRIGHT. Does it run about \$60 million, \$75 million a year?

Senator YOUNG. That is about right.

Senator FULBRIGHT. How does it improve our overall economy, as the Senator from Nebraska says, if this is the kind of crop we have to subsidize to the tune of \$60 million or \$70 million a year?

Senator YOUNG. If we did not have this production here in the United States, and you ran into a world shortage, we would be paying through the nose to the tune of a much higher price, but because we have at least some production in this country, it tends to make us a little bit more independent of foreign imports.

Senator FULBRIGHT. That is not true in coffee, is it? We do not produce any coffee. Do you think on the same basis we ought to start coffee production in this country?

Senator YOUNG. It is not feasible.

Senator FULBRIGHT. Why isn't it? If you pay them enough it would be.

Senator YOUNG. No, I do not think you could, no matter what price you had.

Senator FULBRIGHT. You could grow bananas, could you not?

Senator YOUNG. No.

Senator FULBRIGHT. I do not understand the argument that this is good for the overall economy. There may be other reasons for it. If this is not an economic crop that can be produced competitively, then why is it good for the overall economy to subsidize it?

Senator YOUNG. Going back to your argument there—

Senator FULBRIGHT. I am not arguing; I am trying to find out what are the facts.

Senator YOUNG. If we only wanted cheap commodities, they can produce cotton cheaper in Mexico and in many countries in the world than we can in the United States.

We could import all of our cotton supply. We could get all of our sugar supply from other countries; we could get all of our wheat supply from other countries which have greatly expanded their production many of them with our help.

We have to maintain some semblance of a stable agriculture in this Nation. Sugar is one of the best crops to produce.

Senator FULBRIGHT. Why does not sugar have the same protection that cotton and rice and tobacco have? Why does it have a special

act and come under that act and not under the act governing the same programs as other crops?

Senator YOUNG. Because sugar and wool are import crops. We import a sizable amount of our needs and, at times, they can be produced cheaper in foreign countries. I suppose both sugar and wool could be produced cheaper in other countries, and we could get all the supplies we wanted. We could just wipe out this industry entirely if we only wanted cheaper production.

Senator FULBRIGHT. You have that great a variation in prices of sugar even under this act. Didn't it go up very high during the middle forties to about 150 percent of parity?

Senator YOUNG. Whenever we have to depend on a foreign market, then the price goes up. During wartime in the past we paid a pretty high price for our sugar requirements.

Senator FULBRIGHT. We do in everything. But I mean the Sugar Act does not stabilize the price. They go up and down anyway, don't they?

Senator YOUNG. No. Sugar, the price of sugar, has been maintained at a very stable level for years.

Senator ANDERSON. Would you permit me just a minute?

He speaks of the high prices in the 1940's. That is when we were not under the Sugar Act.

Senator FULBRIGHT. There was no Sugar Act?

Senator ANDERSON. There was no Sugar Act in operation. It was written in 1948.

Senator FULBRIGHT. It was rewritten, but I thought there was an act—

Senator ANDERSON. Not in operation.

Senator FULBRIGHT. Not suspended?

Senator ANDERSON. Don't give up on the coffee, either, because we have some coffee in the Hawaiian Islands, and they are part of the United States.

Senator FULBRIGHT. If there is such a good thing here, do you think we might grow it in Arkansas if we go high enough?

Senator YOUNG. Pardon me?

Senator FULBRIGHT. Do you think we could grow sugar in Arkansas if the subsidy was high enough?

Senator YOUNG. I suppose we could, if it was high enough. But we would not want to produce it if it was in areas uneconomical.

Senator FULBRIGHT. What is your concept of being economical?

Senator YOUNG. If we produce at a reasonable price, and I think we are producing sugar at a reasonable price in the present areas of the United States where it is being produced.

Senator FULBRIGHT. You believe that?

Senator YOUNG. Yes.

Senator FULBRIGHT. What is the price of sugar now in North Dakota?

Senator YOUNG. There has been some variation, but for 10 years—I do not have the figures.

Senator FULBRIGHT. Will this add to employment, do you think, if you increase the production?

Senator YOUNG. It would greatly increase it, and not only because it requires a considerable amount of labor and expensive machinery—

a beet topper and loader costs about \$15,000, and they only last 2 or 3 years.

Senator FULBRIGHT. That is all.

The CHAIRMAN. Any further questions?

Senator YOUNG. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Young.

The statement by Senator Carl T. Curtis will be inserted in the record at this point, as previously agreed.

(The statement referred to follows:)

STATEMENT OF SENATOR CARL T. CURTIS ON EXTENSION OF THE SUGAR ACT

For several years we have temporized by extending the Sugar Act for short periods of time to meet expiration deadlines. In so doing, we have failed to go to the root of many problems facing the domestic sugar industry.

We are in a period of time in which offshore production is no longer paramount in furnishing sugar needed for domestic consumption. At the same time we must take note of the fact that the domestic capacity can and should be increased to meet our evergrowing consumption of sugar. We know well that increase in sugar consumption is in direct proportion to increase in population.

A year ago I made a survey in Nebraska and determined that many farmers who now produce sugar beets would like to increase their acreage. Also, many counties which have either surface or pump irrigation can well raise sugar beets and should be afforded acreage allotments. Some of these counties have, through appropriate channels, petitioned for an allotment of sugar beet acreage.

It does not seem prudent to me that we should deny domestic producers opportunity to share in this ever-expanding market. We must increase production and refining capacity gradually so that farmers can benefit from this orderly development. It is my understanding that refining capacity in the beet area can now process between 10 and 15 percent more beets than were processed last year. It is my hope that, in Nebraska, we can increase sugar beet acreage by 50 percent over the next 5 or 6 years and increase refining capacity in like manner. Again, there is no supportable reason for relying on offshore production for 50 percent of our domestic requirements. The total farm problem today requires that we make every effort to seek solutions wherever they are afforded. Increase in the production of sugar beets will not, of course, solve the total problem, but it will provide economic benefits for farmers and any acreage planted to sugar beets will surely avoid the growing of any crops which are now in surplus.

Mr. Chairman, in order that your committee might have a picture of the situation as it exists in Nebraska, I want to recite some facts that I found after making a survey of my own. I contacted the most authoritative source in a few counties right around my home area in Nebraska. I give you these figures not representing the total picture for Nebraska, but rather as samples.

I live in south-central Nebraska in the county of Kearney. That county has approximately 80,000 acres of land under irrigation, 45,000 of which is pump irrigation and the balance under the tricounty district. Kearney County had only 1,100 acres of beets last year. This 1,100 acres was divided between 27 growers. My survey indicates that a great number of farmers have asked for an allocation and that the county could handle several hundred more acres of beets.

Buffalo County, which neighbors my county on the north, has 1,800 acres of beets. In this county, also, sugar beets are a very desirable crop. Each year farmers who have never grown sugar beets are asking for an allotment and the present growers want an increase in acreage. Buffalo County has 115,000 acres of irrigated land, most of which is pump irrigation. The need for increased sugar beet acreage is great.

Phelps County is now growing about 810 acres of sugar beets. Beets are well adapted to that area. I have received a report that the county could well use an allotment anywhere from 2,500 to 4,000 acres. Phelps County has 100,000 acres of irrigated land provided by the tricounty and 470 irrigation wells.

Furnas County reports to me that they have only 230 acres of sugar beets; it is a desirable crop and they could well use an allotment of about six times

that amount. They have 30,000 acres under irrigation, approximately one-half of which is pump irrigation provided by 290 deep wells.

Franklin County produces no sugar beets at the present time. Reports indicate that it would be a desirable crop. The county has 28,000 acres under irrigation and it would like a sugar beet allotment up to 3,000 acres at the present time.

Webster County is another county without sugar beet acreage allotment. They have about 15,000 acres under irrigation. A great many farmers in Webster County would like to raise sugar beets. More than 20 made application for allotments for 1960, but none was available. The area is suited to the production of sugar beets and they would like to start with an acreage of at least 2,000 acres.

Nuckolls County has shown a great interest in a sugar beet program. The Republican Valley is irrigated from the Bostwick District, and sugar beet acreage is greatly needed to round out their economy. I have received a great deal of supporting material from Nuckolls County.

Last year Hamilton County only had 13 farmers with a sugar beet acreage who grew over 700 acres of beets. Local people report to me that sugar beets are a desirable crop for the county. The county has 123,000 acres under irrigation, all of it being pump irrigation. At least one-third of this irrigated land could be used for the production of beets. Two years ago, 18 farmers asked for sugar beet allotments, but only 13 requests were granted.

In Thayer County there are 34,000 acres under irrigation. Farmers are becoming interested in sugar beet production and some have asked for an allotment, but there has been none. There is no sugar beet production in that county. At this time it is estimated they could profitably use an allocation of 800 acres.

Dawson County has approximately 300,000 acres of land under irrigation. This is provided by 2,800 irrigation wells and 70 miles of main canal bringing water from the Platte. Their sugar beet allocation for 1960 was only 2,200 acres. It was reported to me that more farmers are asking for acreage and that those who have a sugar beet acreage are seeking an increase. Dawson County could well use a sugar beet acreage allotment between 10,000 and 20,000 acres.

Considerable interest exists in Red Willow County for increased sugar beet acreage. The allotment for 1960 was a little over 150 acres. Sugar beets are regarded as a desirable crop for the area. Red Willow County has 21,000 acres under irrigation and at the conclusion of reclamation projects underway in the area they will have an additional 22,000 acres. They could use an increase in sugar beet production up to 2,000 acres instead of the 150 acres they now have.

I have been informed that Adams County produces about 100 acres of sugar beets. This production is carried on by two farmers. An estimate was received that indicated that Adams County could use a sugar beet allocation of 3,000 acres. They have almost 58,000 acres under irrigation, 56,000 of which is from pump irrigation. Farmers are asking for an acreage allotment.

These facts have been gathered from a limited number of counties. There are many more counties in the State where sugar beet acreage is needed and being requested.

At the present time the U.S. annual consumption of sugar is about 9.5 million tons. Only 55 percent of this is produced within the United States, including Hawaii, Puerto Rico, and the Virgin Islands. Many foreign countries who share in our sugar market are seeking an increase. Other foreign countries are lobbying for a sugar quota from the United States.

Nebraska should have more sugar beet acreage. It will add to the income of our farmers and to our economy generally. It will lessen the production of crops of which we have an oversupply. It just does not make sense when we are beset with low farm income and many agricultural problems for this country not to produce a greater portion of our sugar needs. Allocations to domestic producers of sugar should be increased. The foreign allocations should not be increased either in volume or by adding new countries as suppliers.

A long-range Sugar Act providing for an increase in domestic production should be passed by this Congress.

The CHAIRMAN. The Chair has been requested to insert in the record a statement and enclosure from Senator Warren G. Magnuson of the State of Washington; a letter from Senator Frank E. Moss of Utah; a joint statement from Congressmen Odin Langen of Minnesota, Don

L. Short of North Dakota, and Hjalmar Nygaard of North Dakota.
(The documents referred to follow:)

STATEMENT ON H.R. 5463, EXTENSION OF THE SUGAR ACT, BY SENATOR WARREN G. MAGNUSON

Mr. Chairman and members of the committee, I have appeared before you on numerous occasions to urge a provision in the Sugar Act for new growers—a provision that would let more farmers into the sugar beet business. Likewise, I have submitted to you on at least three occasions amendments to the act aimed at accomplishing this objective. These continued efforts have resulted in some recognition of the so-called new grower problem but there are still many farmers, particularly in irrigated areas like the great Columbia Basin, who would like to produce these cash crops.

I submit for the record three telegrams I received this week from parties at interest in the State of Washington: Earl S. Gregory, secretary-treasurer of the Quincy Columbia Beet Growers Association, Inc.; W. B. Tarver, secretary, Quincy Valley Chamber of Commerce; and Lorin W. Markham, general manager of the Spokane Chamber of Commerce. Also enclosed for the record is a certified copy of a resolution adopted by the Washington State House of Representatives.

Mr. Chairman, I realize that your committee faces a very difficult decision. The Sugar Act expires March 31. Unless it is extended, great harm might be done to farmers currently engaged in producing sugar beets and even to consumers of this country. If the act expires, there will be no authority to make benefit payments to over 1,000 farmers in the State of Washington currently engaged in farming almost 40,000 acres of beets.

You will note that my constituents recognize these facts and hence have gone on record for a 9-month rather than a 21-month extension of the Sugar Act. They take this position out of deep concern that a 21-month extension will put less pressure on the Congress and the industry to enact long-term legislation at this 1st session of the 87th Congress.

Your committee will have to decide whether there is time between now and March 31 to put a bill through the Senate which amends the House version—then hold a conference—and still achieve an extension before the Easter recess. If you decide this question in the negative, then I strongly urge that you and your committee use your great influence to insure that long-term legislation is enacted before we adjourn.

Senator Jackson joins me in this statement.

QUINCY, WASH., March 23, 1961.

Hon. Senator WARREN G. MAGNUSON,
Senate Office Building,
Washington, D.C.:

Strongly urge you resist House version of Sugar Act extension. We want only 9-month extension making mandatory 4- or 5-year Sugar Act legislation during this session with language provided to allow factory construction on new areas where farmers want to grow sugar beets. Not sensible to continue allotting sugar quotas to foreign countries when our own farmers are pleading for a chance to grow beets.

QUINCY COLUMBIA BEET GROWERS
ASSOCIATION, INC.

EARL S. GREGORY,
Secretary-Treasurer.

QUINCY, WASH., March 24, 1961.

Hon. Senator MAGNUSON,
Washington, D.C.:

Strongly urge you support only 9-month extension OK Sugar Act making mandatory 4- or 5-year Sugar Act legislation during this session with language provided to allow factory construction in new area where farmers want to grow sugar beets. Not sensible to continue allowing sugar quotas to foreign countries when our own farmers are pleading for a chance to grow beets.

QUINCY VALLEY CHAMBER OF COMMERCE,
W. B. TARVER, Secretary.

SPOKANE, WASH., March 24, 1961.

Senator WARREN G. MAGNUSON,
Senate Office Building,
Washington, D.C.:

A great need exists for increased sugar beet acreage in Washington State, especially in the Columbia Basin. Other Western States have like need. To permit this increase and construction of needed factories, imperative that Sugar Act extension now being considered by Senate be limited to 9 months. Such action will permit passage later in the session of 4- or 5-year legislation giving increased sugar quotas to new growers on irrigation projects. Please support the 9-month extension. Will phone you later.

LORIN W. MARKHAM, *General Manager.*

HOUSE OF REPRESENTATIVES,
STATE OF WASHINGTON,
Olympia, March 25, 1961.

Hon. WARREN G. MAGNUSON,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MAGNUSON: I have the honor to transmit to you a certified copy of a resolution adopted by the house of representatives on March 23, 1961, requesting an extension of the Sugar Marketing Act now pending before the U.S. Senate.

Very respectfully yours,

S. R. HOLCOMB, *Chief Clerk.*

IN THE LEGISLATURE OF THE STATE OF WASHINGTON

HOUSE OF REPRESENTATIVES

RESOLUTION BY REPRESENTATIVES SID FLANAGAN AND RICHARD "DICK" C. CECIL

Whereas only about one-third of the sugar consumed in the United States is produced within the United States; and

Whereas recent political disturbances in foreign countries threaten a future stable supply of sugar for the U.S. consumers; and

Whereas many thousands of acres of the highest beet producing land in the United States are available in eastern Washington for the production of sugar beets along with a strong desire by the farmers in this area to engage in the production of additional sugar beets; and

Whereas the building of additional sugar factories will contribute greatly to the development of new reclamation areas not only in Washington but throughout the other Western States, will add millions of dollars of increased business volume, will cause increased employment, and will increase the value and amount of taxable property in this State; and

Whereas the limitation upon increased sugar production in this State is the lack of sugar manufacturing capacity; and

Whereas the present proposed 21-month extension of the Sugar Act now before the U.S. Senate will not enable sugar companies to make the large investments required for the building of sugar factories because it gives no assurance to any company that it could retain sugar beet acreage for a long enough period to justify such a capital investment: Now, therefore, be it

Resolved, That we, the House of Representatives of the State of Washington, urge that U.S. Senators Warren G. Magnuson and Henry M. Jackson and the U.S. Senators from Texas and New Mexico do everything possible to provide for a 9-month extension of the Sugar Act, with provision for a special sugar marketing allotment to any company willing to build a sugar plant, and with the understanding that during such 9-month period a new Sugar Act will be enacted that will provide a larger share of the U.S. market for U.S. producers and sugar companies to enable them to make the necessary expansion in this industry; be it further

Resolved, That copies of this resolution be transmitted to Senators Warren G. Magnuson and Henry M. Jackson.

I hereby certify this to be a true and correct copy of resolution adopted by the House of Representatives March 23, 1961.

S. R. HOLCOMB,
Chief Clerk, House of Representatives.

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
March 27, 1961.

HON. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR HARRY: I understand the Finance Committee will consider this morning H.R. 5463, the bill the House of Representatives has already passed to amend and extend the Sugar Act of 1948 for 18 months.

The national sugar policy as embodied in the Sugar Act has been eminently successful. The present bill has the complete support of all segments of the domestic sugar industry. I am confident that the members of your committee will act swiftly on the measure so it may be brought to the Senate floor for action before the act expires at midnight on March 31. Should the act not be extended by that date chaos would prevail in the sugar markets of America and the world.

I was recently in Utah where I addressed the Cache County Beet Growers' Association at Smithfield, Utah. I found there considerable anxiety among growers as to what the future holds for the sugar beet industry. As soon as the measure temporarily extending the sugar law is passed by the Congress I am confident that representatives of the sugar beet industry will be willing to meet with their competitors in the cane sugar business, including the sugarcane refiners, to reconcile the differences among themselves, and together with their friends in Congress and in the executive branch of the Government work out legislation that is acceptable to all. I am confident also that these proposals will recognize the world problems with which sugar has become so inextricably involved in the past few years.

Sincerely,

FRANK E. MOSS.

JOINT STATEMENT OF HON. ODIN LANGEN, MINNESOTA, HON. DON L. SHORT, NORTH DAKOTA, AND HON. HJALMAR NYGAARD, NORTH DAKOTA, ON THE EXTENSION OF THE SUGAR ACT

We sincerely question the wisdom of extending the present Sugar Act for another 21 months. We do so because of the need for revisions in the law to allow for greater participation on the part of domestic growers in producing the sugar requirements of this Nation. This need has been expressed over the past many years in terms of the great desire of our Red River Valley farmers to grow beets, and by the fact that we have very substantial evidence of their ability to do so. In our own Red River Valley area of northwestern Minnesota and eastern North Dakota, for many years farmers not presently growing beets have been making applications for beet allotments without success. The present beet industry which we do have in our area is ample proof of the feasibility of growing and processing beets in this area.

In the light of the great domestic potential and the need for putting it into operation in terms of a longer-term revision of the Sugar Act, a 21-month extension seems an unnecessary delay. If the law is extended for 21 months, it would be 3 years before domestic growers could be given any real consideration, and I believe that present sugar producers and potential producers should be permitted a fair share of U.S. sugar needs as soon as possible. Surely we have ample time in the remainder of this session to arrive at a revised act which will allow our domestic producers to participate in fulfilling a greater share of the sugar market. Therefore, a 9-month extension would seem to be very ample. And in addition, if such a decision could not be reached this session, it would be extremely simple to add another extension later. I believe our domestic producers deserve at least this opportunity to present their case.

Another undesirable aspect of extending the present act for 21 months is that it will tend to set a precedent for buying sugar from foreign countries who will be dissatisfied if a part or all of their American temporary market has to be revised. This would be much less of a problem under a 9-month extension.

To provide the committee with a brief picture of the interest in the Red River Valley area in an opportunity to expand sugar beet production, we offer the following excerpt from a study prepared by B. E. Youngquist, superintendent of the Northwest Agriculture Experiment Station of Crookston, Minn.:

GENERAL COMMENTS BY THE SUPERINTENDENT OF THE NORTHWEST EXPERIMENT
STATION, CROOKSTON, MINN.

I. The farmers included in the 10 sugar beet development associations do not represent all farmers who have suitable soil and financial capability to raise sugar beets in the Red River Valley.

II. There are a number of reasons why the Red River Valley in general is well suited to the production of sugar beets:

1. The large farms averaging well over 400 acres of fertile level land facilitates large-scale mechanized production.

2. The major crops of the Red River Valley which compete with sugar beets are those which are already in surplus production; therefore, the sugar beets, among other cultivated crops, are particularly welcome to help relieve the surplus problem.

3. The producer of sugar beets in the Red River Valley can compete successfully from the standpoint of his cost of production with farmers anywhere in the U.S.A. domestic beet production areas. Natural rainfall provides water year after year. Farmland is lower priced than other areas of similar fertility in the United States of America.

4. The sugar beet crop has experienced very little disease problems under the cool climatic conditions which exist.

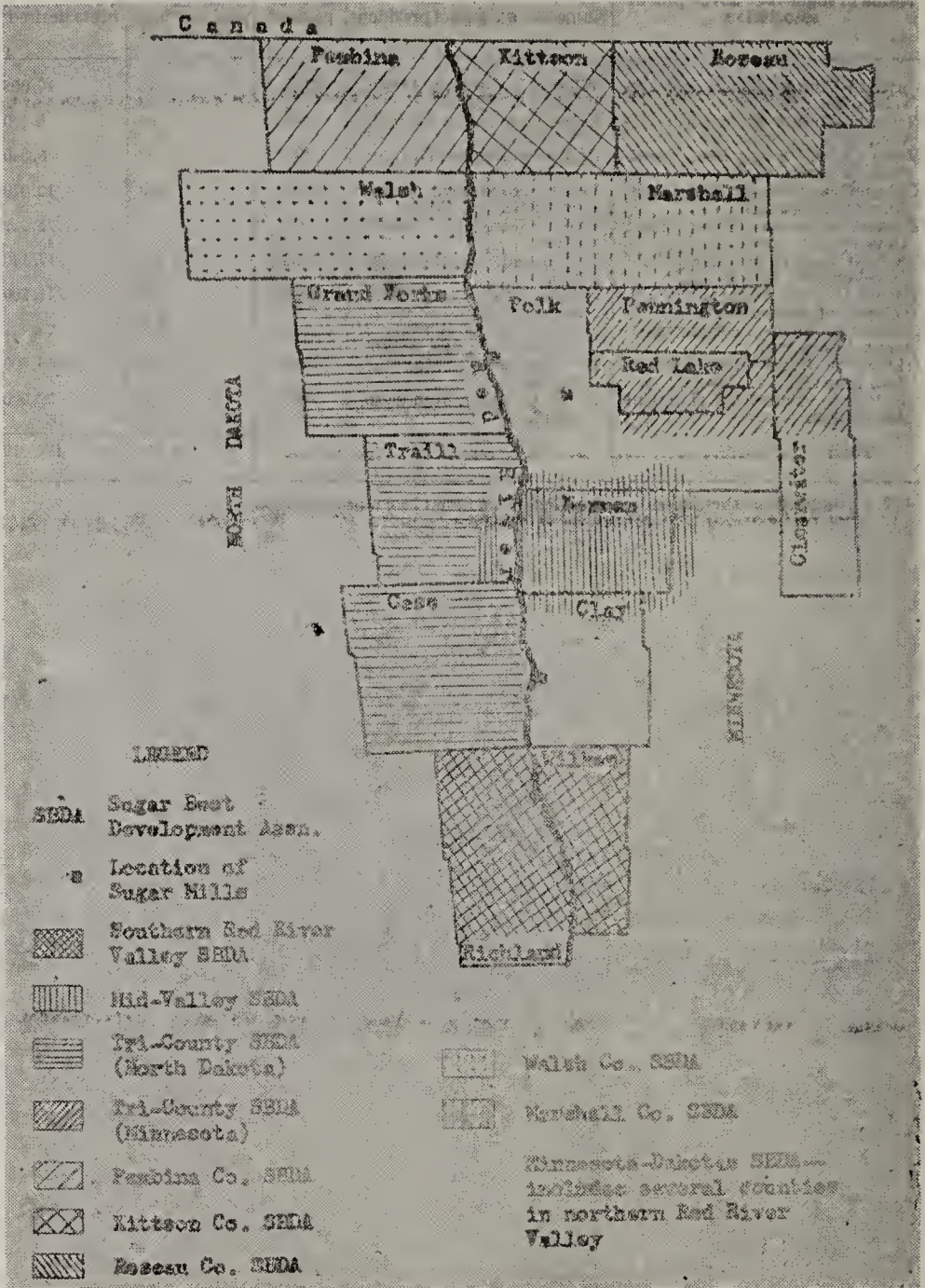
III. Currently, there are about 1,200 growers of sugar beets who produced roughly 103,500 acres of beets in the Red River Valley this past season. This acreage could be tripled in the next decade from the standpoint of the availability of suitable land and the actual capacity of farmers to take on additional acres. The farmers can increase sugar beet acreage just as fast as processing facilities can be made available. For the longer pull, as one studies the amount of Fargo-Bearden Association soils in the entire Red River Valley, it is reasonable to conclude that 500,000 acres could be brought into production.

IV. To summarize: The culture of the sugar beet fits unusually well with much of the soil type, with the topography, with the climate, and with the type of agriculture found in the Red River Valley. These facts, along with a commendable record of producing sugar beets to date, are reasonable assurance that farmers would be inclined to stay with the sugar beet crop for the long pull ahead. As one examines all of the factors, it is not out of order to point out that the Red River Valley should be among the very top of those areas in the United States to receive first attention when it comes to increasing processing facilities so that more acres of sugar beets may be produced in this favorable area. The farmers are ready to provide additional acres of sugar beets as fast as sugar mill capacity is available.

*Sugar Beet Development Association, Red River Valley, N. Dak. and Minn.,
Jan. 1, 1961*

Name of sugar beet development association	Name and address of president	Date organized	Number of paid members Jan. 15, 1961	Acres of sugar beets desired
Marshall County Sugar Beet Development Association.	William Robertson, Argyle, Minn.	1948	110	16,008
Pembina County Sugar Beet Development Association.	Floyd Greene, St. Thomas, N. Dak.	1948	94	8,460
Walsh County Sugar Beet Development Association.	Arnet Weinlander, Drayton, N. Dak.	1948	86	8,540
Kittson County Sugar Beet Development Association.	Vern Holmquist, rural route, Hallock, Minn.	1948	119	12,070
Minnesota-Dakota Sugar Beet Development Association.	Byron Hanson, Hallock, Minn.	1941	(1)	-----
Southern Red River Valley Beet Development Association.	Leo Yaggi, Breckenridge, Minn.	1953	169	17,140
Roseau County Sugar Beet Development Association.	Hilding Grahm, rural route, Roseau, Minn.	1955	159	11,200
Tri-County Sugar Beet Development Association.	Harry Oen, rural route 3, Thief River Falls, Minn.	1955	329	25,401
Tri-County Sugar Beet Association, Mayville, N. Dak.	Ed Dornocker, Mayville, N. Dak.	1960	515	56,500
Mid-Valley Beet Development Association.	R. G. Canning, Hendrum, Minn.	1960	365	32,000
Total -----	-----	-----	2,016	187,319

¹ Not listed here as these members are already included in county associations.



SUGAR BEET DEVELOPMENT ASSOCIATIONS, RED RIVER VALLEY

Senator ANDERSON. Mr. Chairman, do you have a statement from Congressman Walter E. Rogers of Texas, and Congressman Thomas G. Morris of New Mexico?

The CHAIRMAN. I have those statements. I now submit them for the record.

There are more statements to be put in: A statement from Congresswoman Catherine May of the Fourth District of Washington; and a statement from Senator Clinton P. Anderson.

(The documents referred to follow:)

STATEMENT OF HON. WALTER E. ROGERS, MEMBER OF CONGRESS, 18TH CONGRESSIONAL DISTRICT OF TEXAS, ON H.R. 5463

Mr. Chairman and members of the committee, I am honored to appear before you to testify for a limited extension of the Sugar Act of 1948 as amended. The district that I represent is the 18th Congressional District of Texas, commonly referred to as the Panhandle of Texas. This area is one of the finest sugar beet areas in the United States. During the time that acreage allocations were in effect, the entire State of Texas had slightly over 1,900 acres. You can readily see the dilemma with which we were faced. Under recent estimates, I am advised that between 30,000 and 40,000 acres are necessary to sustain a sugar mill. It is true that there are no present acreage allocations. It is also true that our farmers are free to grow as many sugar beets as they desire. This statement has been made by Members of the House of Representatives without full explanation. Without explanation, the statement is grossly misleading. The fallacy lies in the fact that there would be no market for the sugar beets grown at the present time, the reason being that there is no sugar mill to process the beets in that area and, hence, no one would purchase them. It would be impossible to erect a sugar mill at this time without proper legislation first being passed. It is my understanding that a sugar mill would cost from \$14 to \$15 million, which is an investment that would hardly be made by any individual or group without some assurance of a possibility of recovery. The low history of our general area and the possibility that acreage allotments could be reinstated does not make a very inviting picture to potential investors. These facts constituted some of the reasons for our insistence in 1960 that permanent legislation be adopted as soon as possible to provide needed stability in the sugar program in this country. You will all recall the heated controversy that surrounded the extension of the Sugar Act in the last days of the 86th Congress. In fact, we stayed in session all night trying to reach agreement as to future activities on this subject. Agreement was finally reached by the conference committee on the night of July 5, and a conference report was adopted by both Houses of the Congress.

The last paragraph of this conference report read as follows:

"As part of the understanding reached by the conferees, it was agreed that the conferees on the part of the House would undertake to pass a sugar bill and transmit same to the Senate on the earliest possible date after the reconvening of the House in August."

It was the understanding of those of us in the Congress that this was an honorable and binding agreement and we told our people that such agreement was made in order to provide an orderly procedure, and assured them that the faith would be kept and that early action would be had on permanent sugar legislation. I did warn my people that there was a possibility that legislation might not be completed in 1960, but that other Members of the Congress had assured me that every effort would be made to complete the legislation early in 1961. It was due to this situation that the March 31, 1961, date was agreed upon as the termination date. To my utter surprise, the type of sugar legislation to which we were addressing ourselves in that agreement was not taken up nor acted upon in August of 1960. It is true that a bill was sent to the Senate, but it did not treat the inequities of which we had complained earlier and did not purport to solve any of the problems faced by domestic beet producers in the general area of the Southwest. Hence, I take the position that this act was nothing more than lip service to the agreement that had been made. I would further add that no action was taken in the early days of this session of Congress other than to obtain extension of the act for an additional 21 months. And I point out in this regard that if the 21 months extension is granted, it will amount to the full

3-year extension which was advocated in the last Congress but which was denied in the act that was passed in July 1960, which granted an extension only to March 31, 1961. In other words, the proponents of continued full importation of sugar from the foreign countries of 45 percent of our sugar needs, and the absolute denial to the American farmer of the right to participate further in providing domestic sugar demands, will have been accomplished piecemeal. The result will be the same as if we had yielded last July and given these people a 3-year extension of the Sugar Act.

All the American farmer seeks is fair treatment in accord with the standards employed by other segments of the economy. He desires the right to produce a fair share of our domestic sugar needs. We all realize the need for foreign trade, but we likewise appreciate the fact that this country must not permit itself to become dependent upon foreign nations for sugar to the extent that we cannot quickly build up our production capacity to meet our needs if the circumstances require it. We must not run the risk of another period of rationing and scarcities with which we were faced in World War II. Certainly, the American farmer is entitled to produce a reasonable part of our domestic needs.

At the present time, our domestic consumption is slightly above 9 million tons raw value. Of this amount domestic producers provide approximately 55 percent (this includes Hawaii, Puerto Rico, and the Virgin Islands). The remaining 45 percent is furnished by foreign countries, both quota and nonquota. The Cuban quota was equal to approximately 30 percent of our domestic needs. This approximated about two-thirds of our imported sugar or approximately 3 million tons. The figures on sugar seem to be very complex for some reason, but it is admitted that Cuba has been selling us between 3 million and 3,250,000 tons including raw and direct consumption. In any event, this 3 million tons of sugar that is not being sold to us by Cuba because of the attitude of that government and the cessation of relations between these two countries must be purchased from other foreign countries. This means that the American farmer is being denied the right to produce so much as 1 pound of the sugar formerly sold to this country by Cuba.

If the Sugar Act is extended for 21 months, it will mean that this sugar will be produced by foreign countries who have heretofore furnished less than one-half of that amount. If this privilege or right is vested in these foreign countries for 21 months, it will, no doubt, in the minds of those countries, ripen into an absolute right and there will be little, if any, chance to recover it or any part of it for the American farmer or for use in future dealings with Cuba unless we are willing to run the risk of offending some of these foreign countries and providing them with an excuse to move over into the Communist camp.

We realize that there is a need for a reasonable extension of the Sugar Act. This is due to developments and circumstances that have lengthened our supply line. We are told by the Sugar Division of this Government that the supply line from Cuba was 6 days; that when relations between these countries were severed, our supply line shifted to the Philippines which is a 6 weeks' supply line; that in order to provide a balanced and uninterrupted flow of sugar, it was necessary that the act be extended beyond March 31, 1961, so that the sugar market would not be upset pending the adoption of permanent legislation by the Congress. Accepting these statements at face value, we do agree that a reasonable extension is necessary. Whether or not this extension should be for 3 months, 4 months, or 9 months, we do not desire to argue. However, we do insist that the extension should not be beyond this calendar year. Hence, we contend that any extension granted should be for not more than 9 months. People of this country and their duly elected Representatives in the Congress have the right to rely upon the commitments made in the last Congress and to expect permanent legislation to be adopted this year in the absence of unforeseen national or international difficulties.

I would point out that the Director of the Sugar Division of the U.S. Department of Agriculture has furnished me with the names of the continental refiners, the importers, and the sugar beet processors. The importers are only 12 in number. The continental refiners are 15 in number. In this connection I would point out that all offshore sugar is cane sugar. Hence, there is no direct connection between the beet processors and foreign or offshore sugar. There are 15 beet processors, 5 of which are located in Colorado.

According to information furnished me by the Sugar Division, they indicate that beet sugar production is about 2.45 tons per acre. Hence, 500,000 tons of raw sugar would require approximately 200,000 acres. This would mean ap-

proximately five sugar mills in this country at an average cost of around \$12 million, or a total of \$60 million.

We feel that early attention should be directed toward a correction of the discrimination that has been practiced against the American farmer, both cane and beet, insofar as the ratio of domestic and foreign sugar is concerned.

We are daily confronted with the argument that this country is suffering from unemployment. We are daily confronted with the argument that the farm programs are not good because of tremendous surpluses of the crops which the farmers can produce. We are daily confronted with the story that the outflow of gold from this country is most serious.

I would also point out to the members of this committee that much has been said about the need to retain full control of the Cuban quota, so that further purchases could be made from Cuba should the relationship between our governments become reconciled to the installation of a new government in Cuba. I would hasten to say that the possibility of a change in the Cuban Government would appear to be rather remote at this stage. However, it would seem to me that at least one-third of the Cuban quota could be assigned to domestic producers immediately. Should our hopes for better relations between the people of our Government and the people of Cuba who believe in freedom be realized, the full tonnage allotted to domestic producers could be recovered by proper application of the growth factor within less than 10 years.

Another point that should be noted is the fact that Castro is reputed to have recently stated that he might consider paying for some of the properties which he confiscated from American investors, but if he should decide to do this, it would be necessary for the United States to purchase sugar from him. This, in my opinion, is nothing short of international blackmail. In fact, it goes further. If such terms were ever agreed to by our Government, it would be tantamount to requiring the American farmer to pay to investors of this country the losses they suffered in an assumed risk foreign investment. Certainly, these investors are entitled to be paid for the property that was stolen from them, but the American farmer should not be penalized by the denial of the right to produce a greater amount of our domestic sugar needs in order to appease Castro or any other foreign government.

I respectfully submit that a proper treatment of the sugar problem with relation to permitting our own farmers to further participation in providing our domestic needs could and would help all three of these problems: (1) It would help stabilize the economy in these areas where sugar beets and cane can be produced; (2) it would help solve the surplus farm products problem because it would enable the farmer to plant nonsurplus crops (sugar beets) on land now being used to produce surplus crops; (3) it would help to stem the outflow of gold from this country.

We respectfully submit that this is a matter requiring immediate attention and we sincerely hope that this committee will see fit to approve an extension of not more than 9 months and that its report on the matter will contain reference to the need for speedy action in the adoption of permanent legislation.

STATEMENT OF CONGRESSMAN THOMAS G. MORRIS OF NEW MEXICO, CONCERNING EXTENSION OF THE SUGAR ACT

Mr. Chairman and members of the committee, thank you for this opportunity to present for your consideration my support of a short extension of the Sugar Act and an increase in the production of domestic sugar.

Last year the House managers in the conference report on legislation extending the Sugar Act, stated, "As part of the understanding reached by the conferees, it was agreed that the conferees on the part of the House would undertake to pass a sugar bill and transmit same to the Senate on the earliest possible date after the reconvening of the House in August." Assurance thus was given to the American farmer that his right to grow sugar would be given consideration: However, this opportunity has not come. It is my understanding hearings will begin in May on permanent legislation. Then why must we have this 21-month extension? Surely we can consider and pass such permanent measures before the end of the year.

Mr. Chairman, if this 21-month extension is put into effect, then for all practical purposes, new domestic producers might as well forget about any acreage until 1964. Our farmers, processors, and the domestic industry will have very

little change to regain their rightful share of the market. Lawrence Myers, Director of the Sugar Division of the Department of Agriculture, stated in an address on November 15, 1960, "The fact remains, however, that when price premiums amount to as much as \$150 million a year, vested interests are claimed automatically. All the arguments in the book will be put forth by producers desiring to sell at such premium prices. Regardless of the wishes of either Congress or the administrative agencies the vested interest arguments of new suppliers will become stronger as the period of time they supply our market increases."

What is our answer when the countries which now are importing the suspended quota of Cuba acquire a \$150 million a year vested interest? What will be our answer when the time comes for us to give that suspended quota to someone else? A short-time extension would emphasize to the present producing areas that any reallocations they obtain are only of temporary nature and give us sufficient time to pass permanent legislation for the betterment of all concerned.

As was pointed out on the floor of the House last week, there is nothing that will prevent any farmer from growing all of the sugar beets he wants to grow.. Allow me to say that this is only a part of the story. If the farmer is to grow beets, he must sell them. Now, where can he sell? We are told the old processing plants are operating at full capacity and can take only a small increase in production. No new plants have been built in the past 5 years; indeed, the number of plants for the past several years has been steadily declining. Maybe the answer is through constructing new processing plants. Permit me to quote a paragraph from a letter I received from the Sugar Division, Department of Agriculture:

"There is nothing in the act to prevent the construction of a new sugar beet plant. However, it would require assurance that sufficient acreage was available to produce the beets needed to economically operate a plant. In addition, if it would become necessary to reimpose sugar marketing allotments in the sugar beet area under provisions similar to those in the present act, it would be necessary that such processor have a marketing allotment in order to market the sugar produced. Accordingly, the decision to erect a new plant could be made only with assurance that such a plant would have adequate sugar beet acreage and a sugar marketing allotment."

Then, how does one establish an assurance for sugar beet acreage? Again: let me quote from the Sugar Division, letter: "Section 302(b) of the Sugar Act provides that proportionate shares for individual farms will be determined by taking into consideration the factors 'past production' and 'ability to produce' (determined to mean demonstrated ability). For each of the crops of 1955 through 1960, the national sugar beet acreage limitation was apportioned among States on the basis of the acreage planted to sugar beets during a period of years. In each State, the acreage was then distributed among old producers with recognition of the same factors. A small acreage within each State allocation was set aside each year for use in establishing proportionate shares for new producers."

Here are the figures for new producers in sugar beet areas for years 1955 and 1960:

	Number of requests	Acres requested	Acres established
1955.....	1, 716	58, 719	13, 210
1960.....	5, 338	189, 442	17, 282

Clearly then, a new plant could not depend on such an allocation since we are told that 20,000 acres would be a minimum amount needed to support a plant, more than the total new producer allotment for the entire United States. In other words, a new plant will not be built unless a stable supply of beets is available. The stable supply cannot be established unless the sugar beet can be marketed, and the farmer cannot market his commodity with a profit unless a plant is available to take his beets—a circle of impossibility for the new production area. Private industry will not build any new plants until it has the assurance that permanent acreage is available, when restrictions are reimposed. In order to give reasonable assurance of at least sufficient acreage to guarantee the

investment in a plant, it should be stipulated in the law that allocations made to new areas shall not be reduced below a minimum level required to utilize efficiently the processing plants developed. With such a provision, private industry will build.

With the suspension of Cuba's quota and the natural growth consumption, something like 3.2 million tons of sugar is being reassigned. This reallocation has prompted foreign requests for new and additional quotas in the amount of 4 to 5 million tons. So one can tell that all sugar-producing areas outside of the United States would like to share in this profitable commodity. To date, the sugar needed to replace this reallocation has been obtained from foreign sellers at the same price as prevailed for U.S.-quota sugars, except for the Dominican Republic. These foreign suppliers have benefited from higher prices maintained in the American market with a quota premium in recent years of \$2 a hundred and raw sugar compared with the "world free market."

In contrast, where the domestic industry has been prevented from increasing its production, I am quoting below some facts and figures which point out how our Government has encouraged the expansion of sugar-producing areas outside of this country. I do not want to imply that I am opposed to some of the investments that are being made to encourage production in these countries but I do feel that our domestic producers should have at least an equal right to expand and grow in this important commodity.

EXPORT-IMPORT BANK

In 26 years, the Bank has issued 45 credits in the amount of \$50,753,192 to sugar production and processing:

Philippines:

Nov. 22, 1957-----	\$70,000
Feb. 17, 1959-----	42,948
Apr. 30, 1959-----	202,144
Apr. 8, 1960-----	12,142
Aug. 25, 1960-----	110,736
Jan. 27, 1961-----	167,000

Mexico:

June 14, 1956-----	32,000
Feb. 14, 1957-----	33,400
Apr. 3, 1958-----	3,000,000
Mar. 4, 1960-----	22,000

Brazil:

Oct. 9, 1957-----	32,100
Jan. 31, 1958-----	33,500
Jan. 15, 1958-----	33,600

Ecuador:

Feb. 17, 1959-----	\$62,000
Feb. 2, 1960-----	58,000
Nov. 18, 1960-----	32,500
Dec. 13, 1960-----	14,500
Dec. 20, 1960-----	110,000
Dec. 29, 1960-----	118,000
Dec. 29, 1960-----	96,000

Argentina:

Feb. 23, 1956-----	310,000
May 9, 1957-----	97,000
Mar. 31, 1960-----	1,787,000
Aug. 12, 1960-----	110,000

Honduras:

Aug. 1, 1957-----	1,000,000
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Peru:

Mar. 28, 1957-----	731,000
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DEVELOPMENT LOAN FUND

Bolivia: 1959, \$2,500,000; 1961, \$1,750,000.

Haiti: Applications were considered and approved in 1960 for \$3 million; however, this was canceled in 1961. Another application has been received in February of this year for \$3 million.

Guatemala: An application has been received for \$5,592,000. This has been referred to the Export-Import Bank.

INTERNATIONAL COOPERATION ADMINISTRATION

A large number of their loans are for general agriculture developments, and actual figures of support for sugar programs were not supplied. However, the following countries have had sugar developments of some sort involved in their programs.

Vietnam: Various training programs from 1955-59.

Tunisia: 1959.

Indonesia: Technical production, experimental plots 1959.

Iran: June 1952 until March 1957, \$635,000 to expand a plant. February 1953 until March 1956, \$931,000; two plants.

Sudan: Survey in 1959.

Taiwan: Support to improve refining equipment 1952-53, 1954, 1955.

INTER-AMERICAN DEVELOPMENT BANK

Bolivia in a \$10 million global credit received \$1,800,000 to increase a sugar processing plant by 50 percent.

Argentina has applied for a global credit of \$800,000 to be used in sugar development.

Haiti has requested a global credit of \$4 million and, if approved, part of the money would go to double the production of an existing sugar plant.

Honduras has presented an application, part of which is to increase a sugar plant daily capacity by 40 percent.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Bank has been making agriculture loans for several years, some of which have gone into sugar production. However, figures were not available showing actual support of sugar.

INTERNATIONAL FINANCE CORPORATION

Tanganyika: June 2, 1960, \$2,800,000 for sugar development.

There is no doubt you and many of our colleagues believe that our sugar-producing areas should receive an opportunity to produce more sugar or establish new production as well as participate in the reallocation of Cuba's quota on an equal basis with those countries who import sugar into the United States. We have an opportunity to implement the President's policy of developing New Frontiers. These frontiers are at our own back door where our prospective sugar farmers have been denied the right to grow and sell sugar within their own Nation to fulfill our domestic needs. We can add new jobs across the Nation, promote economic growth of our country, reduce the flow of gold from our Treasury, and raise the farm income which in the words of our President, has declined 25 percent in the last decade.

I urge you to give these American farmers the chance they deserve, by reducing the 21-month extension to not more than 9 months.

Thank you.

STATEMENT OF HON. CATHERINE MAY REPRESENTATIVE, FOURTH DISTRICT OF WASHINGTON, ON EXTENSION AND AMENDMENT OF THE SUGAR ACT

Mr. Chairman, it is gratifying that this committee, recognizing the need of our domestic sugar beet growing industry for a greater share of our Nation's sugar consumption, is conducting a hearing on this vital matter.

It is indeed paradoxical that we have the strong desire and ability to grow and process this successful crop domestically, yet we import nearly half of the national supply from foreign sources. Oftentimes we grant these foreign suppliers with quotas they are unable to meet, yet we heretofore have refused to encourage new domestic growers.

As a member of the House Agriculture Committee, I am well aware of the difficulties involved in attempting to rewrite the Sugar Act to conform to the wishes of all segments of the sugar industry. Certainly, as Representative of a district comprising both "old" and "new" growers, I am aware that the old growers would not like to see a reduction of their quota to satisfy the needs of the new growers. But if the new areas can be granted their wish for a better chance under the Sugar Act without damaging old areas, the two are agreed.

I support the view that this can be accomplished, that it is possible to reconstruct the act so that the changes will be detrimental to no one. I believe that with true cooperation from the various segments of the industry and the Congress, the proper formula will be forthcoming.

I therefore believe that it is most necessary at this time, in order to pave the way for equitable provisions in long-term legislation in the future, that we do not extend the act for periods longer than necessary to hold hearings adequate to draft the proper legislation. I am opposed to a 21-month extension. Such a long extension will merely invite delay to solution of our problems.

Let me emphasize the reasons I feel it is necessary that enactment of the extension of the act be for precisely 9 months beyond March 31 of this year.

An extension for any period of time less than this would cause most serious administrative difficulties of the act. An extension in excess of 9 months would

run the risk of throwing consideration of term legislation over into the 2d session of this Congress, or to a completely new Congress, and would increase the likelihood of further last minute decisions that have plagued the Congress in consideration of sugar legislation during the last 2 years.

One other matter gives me great concern, a concern which I am sure is shared by this committee and all of Congress, the sugar industry, and the American public. This is the immediate and disastrous effect on the U.S. market if the Sugar Act should be allowed to expire. While I am certain that this is the last thing any of us would want, I raise the point because of the uncomfortably brief time left before the expiration date. March 31 is so close you can count the legislative hours remaining: the days can be counted on the fingers of one hand. I point out that if the act were to terminate, there would be no control or authority the President might use in preventing foreign sugar from flooding the U.S. market, causing unstable price conditions not in the interest of the industry or the housewife. It is reported to me on good authority that at this very moment vessels are loading raw sugar in Cuba, which have as their destination the Iron Curtain countries. These vessels could very easily be diverted to ports in the United States. In addition, I understand there is a considerable quantity of white refined sugar of doubtful origin being held in bond in New York which could be dumped on the U.S. market immediately upon expiration of the act.

The chairman of the House Committee on Agriculture has pledged that hearings will be held in the House in early May so that all segments of the industry may testify on needs of long-range legislation. I am sure that this committee is anxious that full and deliberate hearings can be scheduled without the necessity of being forced into hasty "11th hour" actions.

A 9-month extension will provide both House and Senate with adequate time to fully and reasonably consider the needs of new and old growers, and of all segments of the industry.

As soon as it was known that today's hearing was being called, I received telegrams from the Quincy (Washington) Columbia Beet Growers Association, and from the Quincy Valley Chamber of Commerce, urging that I support a 9-month extension of the Sugar Act. Their message is as follows:

"Strongly urge you support only 9-month extension of Sugar Act. Making mandatory 4- or 5-year Sugar Act legislation during this session with language provided to allow factory construction in new areas where farmers want to grow sugar beets. Not sensible to continue allowing sugar quotas to foreign countries when our own farmers are pleading for a change to grow beets.

"QUINCY COLUMBIA BEET GROWERS

"ASSOCIATION, INC.,

"EARL S. GREGORY,

"Secretary-Treasurer.

"QUINCY VALLEY CHAMBER OF COMMERCE,

"W. B. TARVER,

Secretary."

The Quincy area is part of the vast Columbia Basin project in the State of Washington, which received irrigation water long after the Sugar Act was made law. In the Columbia Basin, mostly through transfer of acreage from other areas, 14,439 acres of sugar beets were grown in 1960, including about 2,000 acres in the Quincy area under contract with a sugar company in another State.

As the committee is well aware, the removal of Government acreage allotments for the 1961 crop has been very helpful to some of our new grower areas and I am hopeful that this committee will, in its report, recommend that the Secretary of Agriculture not reimpose controls until long-term legislation is adopted by the Congress.

However, the mere lifting of controls for 1 years does not provide prospective new factories with the necessary assurance that they will have crops to process in later years. If the Congress has a little time, I feel certain that the proper consideration to the problem of the new grower can be given and that the new grower can be treated fairly. I feel that a 9-month extension of the act at this time would be in the best interests of our Nation, and I strongly urge that this committee amend the House bill to a 9-month extension.

STATEMENT BY SENATOR CLINTON P. ANDERSON

The United States is by far the largest consumer of sugar of any nation in the world. We have only 6 percent of the population, but we consume nearly 21 percent of the world sugar production. Nearly 70 percent of our requirements are met by imports.

Because of the availability of large supplies of sugar abroad and the insufficiency of domestic production we have depended largely on foreign sources for this important food product.

Perhaps we have relied on foreign supplies to a greater extent than we should have because of the proximity of Cuba, who has been supplying nearly one-third of our requirements. Even with nearby sources Congress early felt that we must insure some domestic production and this prompted sugar legislation practically since the birth of our Nation.

As times and conditions changed, and as one war followed another, we have had to reevaluate our sugar situation and revise our sugar laws. Under the Sugar Act of 1948, as amended by the 82d, 84th, and 86th Congress we have done a pretty good job of providing the American consumer with an adequate supply of sugar at fairly reasonable prices.

Developments in Cuba during the past 2 years and the economic situation in regard to sugar have brought on the necessity for an early review and revision of our sugar policy and sugar laws.

A few years ago none of us would have dreamed that our Cuban supply of sugar would ever be jeopardized or completely cut off. The sudden halting of sugar shipments from Cuba has jolted us into the realization that we must never again become so completely dependent on a foreign source for such a strategic product. We would have been placed in a difficult situation if our sugar supply had been cut off suddenly in World War II.

When the 1948 Sugar Act was approved 90 percent of our sugar beet crop was harvested by hand. At that time our sugar beet farmers and processors were unable to compete with foreign producers. It is true that the foreign producers still hold some economic advantages but domestic producers and processors are now in a much better position to compete than ever before. With our improved mechanized farm operations, one tractor with proper attachments can now do the work of 20 "stoop laborers."

Considerable advance has been made in development of new strains of sugar beets that are disease resistant. Yields per acre have increased by 25 percent during the last decade. Recently, new discoveries and improvements in our refining processes have made it possible for our refineries to almost double their output without the necessity of large expansion of existing facilities. Heretofore, sugar beets, because of their perishability had to be processed immediately after harvest. But now we find they can be made into a thick syrup that can be stored for a year, thus enabling the mills to carry on a continuous operation during the year.

The Sugar Act expires March 31, 1961. The House of Representatives has approved an extension of the present act for a period of 21 months. I cannot agree that this is the proper action to take. When we extended the Sugar Act last year, assurances were given by the House in the conference report that efforts would be made during August 1960 to write a new law. In that connection I refer you to page 14711 of the Congressional Record of July 5, 1960, the last paragraph in the statement of the managers on the part of the House in regard to the approval of the conference report, which reads as follows:

"As part of the understanding by the conferees, it was agreed that the conferees on the part of the House would undertake to pass a sugar bill and transmit same to the Senate on the earliest possible date after reconvening of the House in August."

Later further assurances were given in both the House and the Senate that at the latest the matter would be considered early in this session.

We must provide the answers to some questions in regard to the sugar situation now or face greater complications later on. We must decide what is to become of the Cuban sugar quota? What must be done in regard to the establishment of new contracts with countries where sentiment toward the United States is in jeopardy? What are we to do about expanding our domestic sugar industry? These and other questions will not be made easier of solution by waiting another 21 months to find the answers.

Perhaps the first problem we should look at is what we are to do about providing some expansion of our domestic sugar industry. None will deny that many of our farming areas need attention now. My State of New Mexico happens to be one of those areas. I have just read in the Department of Agriculture Farm Income Situation released February 1961, that New Mexico's 1960 individual farm income is down 19 percent from 1959. This was chiefly due to decline in receipts from cotton and cattle. This was the greatest decline for any State. We can grow sugar beets in New Mexico and other areas of the southwest with probably the highest sugar content of any place in the country. A few thousand acres allocated to New Mexico, Texas, Arizona, Oklahoma, and other reclamation areas of the Southwest would greatly help our farm income situation and depressed areas.

I am opposed to the 21-month extension of the Sugar Act voted by the House. The situation demands that we write a new sugar law at this session of Congress. Top priority should be given to building the legislation around the expansion of our domestic sugar industry.

The CHAIRMAN. The next witness is Mr. Edwin M. Martin, Assistant Secretary of State for Economic Affairs, accompanied by Thomas C. Mann, Assistant Secretary of State for Inter-American Affairs.

I would like to say that Senator Ellender has suggested if any members of the committee desire to ask him any questions, he would be glad to respond.

STATEMENT OF HON. EDWIN M. MARTIN, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS, ACCOMPANIED BY THOMAS C. MANN, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS, AND LAWRENCE MYERS, DIRECTOR, SUGAR DIVISION, DEPARTMENT OF AGRICULTURE

Mr. MARTIN. Mr. Chairman and members of the committee, I appear here today in support of H.R. 5463.

Senator ANDERSON. Do you have a copy of the statement?

Mr. MARTIN. Yes.

There is a copy available, I think.

Senator ANDERSON. You know, under the Reorganization Act, they are supposed to be prepared in advance.

Mr. MARTIN. I understand.

I am here today in support of H.R. 5463, approved by the House of Representatives on March 21, 1961. The Sugar Act of 1948, as amended, expires at midnight on Friday of this week. If the act is not extended a period of uncertainty over prices and supplies is bound to follow, with unfortunate results for our domestic sugar industry. Foreign suppliers who depend on this market and its quota system would also be injured. It is therefore a matter of urgency that continuing legislation be considered promptly by the Senate. The Department of State fully supports the bill as passed by the House, and requests this committee to give it favorable consideration.

The bill would continue the present authority of the President to determine the quota for Cuba. In addition it would give the Executive discretionary authority as to whether any sugar needed to replace Cuban supplies should be purchased from any country with which the United States is not in diplomatic relations. Effectively, this means that the President need not authorize the purchase of that sugar from the Dominican Republic. Under the statutory formula provided in the present law, that country would otherwise be entitled

to a major share of allocations made to replace Cuban supplies. It is not presently considered that this would be in the national interest. Mr. Thomas C. Mann, Assistant Secretary of State for Inter-American Affairs, is here with me today, and he will be pleased to respond to any questions you may have in this regard. I would like to say that the discretionary authority requested is considered essential to the proper conduct of our affairs in this hemisphere, and that such authority was contained in a bill approved by the Senate last August.

In addition to providing certain discretionary authority with respect to sugar from the Dominican Republic, H.R. 5463 would extend the present Sugar Act for 21 months until December 31, 1962. The present balance between foreign and domestic suppliers of the U.S. market would be maintained during this period. In the meantime the administration can give thoughtful study to the recent sugar report prepared by the Department of Agriculture at the request of the House Committee on Agriculture. Adequate time will also be provided for consultation with domestic sugar industry. Should it prove possible to enact long-term legislation during the present session of Congress, such legislation could, of course, be brought into force before the expiration of the 21 months provided in the present bill.

In conclusion, Mr. Chairman, I wish to say again that the bill under consideration provides the authority we need at this time in the conduct of our foreign relations, and I respectfully request favorable consideration.

The CHAIRMAN. Thank you, Mr. Martin. Any questions?

Senator BENNETT. I would like to ask a question, but I will wait for Senator Anderson.

Senator ANDERSON. You want the bill as it passed the House, adopted?

Mr. MARTIN. Yes, sir.

Senator ANDERSON. What is the occasion for the 21 months?

Mr. MARTIN. I think the 21-month period was inserted by the House in the feeling that this provided assurance that we would not again have a lapse in legislation, that—

Senator ANDERSON. When did we have a lapse in legislation?

Mr. MARTIN. Well, I am sorry, we did not have one, but we came very close to having one last summer. We are a little close now, and it was felt undesirable to have to rush through emergency legislation without full consideration again.

I think it was recognized that if you get long-term legislation that you can easily reduce the 21-month period.

Senator ANDERSON. What does this do with reference to the countries that have produced from 3,000 to 5,000 tons of sugar? Does it give them any protection?

Mr. MARTIN. My impression is that this is an extension which makes no change in that present situation.

Senator ANDERSON. Well then, I renew my question. What does it do for the producers of 3,000 to 5,000 tons? Does it give them some protection?

Mr. MARTIN. I would like to ask Mr. Myers of the Department of Agriculture if he would like to elaborate on this point. It has come up.

Mr. MYERS. I am Lawrence Myers, Director of the Sugar——

The CHAIRMAN. Mr. Myers, would you first identify yourself for the record?

Mr. MYERS. My name is Lawrence Myers, Director of the Sugar Division of the Department of Agriculture.

In answer to your question, Senator, amendments enacted last summer provide that for countries that have over 3,000 tons but less than 10,000 tons quota under the previous legislation shall be increased to a total of 10,000 tons. That is mandatory, first, in the reallocation of any sugar denied Cuba.

Senator ANDERSON. Does it stop at 10,000 tons?

Mr. MYERS. It is not necessary that it stop at 10,000 tons.

Senator ANDERSON. Did it stop at 10,000 tons?

Mr. MYERS. We did on those that had no more than 10,000.

We increased it further on some such as Haiti, that did have additional sugar.

Senator ANDERSON. Now, what did you do with all the countries that did not have any quotas, the nonquota countries? Did you fill up everything that Peru had, for example, first before you turned to the nonquota countries?

Mr. MYERS. Under the act again, under those amendments, it was necessary to turn to Peru for all the sugar it could supply, because it was a quota country, it is a quota country, and under (iii) of the amendments passed last summer, we are required to go to those countries, and if I may summarize the formula for reallocating Cuban sugar, we first go to these countries that have over 3,000 and less than 10,000, and raise them to 10,000 tons.

That takes a very minor quantity of sugar.

Senator ANDERSON. Sure.

Mr. MYERS. There are five of them.

We next are required——

Senator ANDERSON. You might as well put in the record what the five are.

Mr. MYERS. The five are Haiti, Netherlands, Formosa, Costa Rica, and Panama.

We next must reallocate 15 percent of the remainder to the Republic of the Philippines.

Last, we must reallocate the remaining 85 percent to all other countries that have quotas in proportion to their quotas.

Senator ANDERSON. So if a country did not——

Mr. MYERS. Now, then, I get to the point that you are raising.

Last year, for example, and again the first quarter of this year, Peru did not have enough sugar to supply its entire formula quantity, and, therefore, we were able to reallocate that on a discretionary basis to other foreign countries and, may I say, since I think you are getting at the point of the domestic producers, there is no provision in the law for reallocating such sugar to the domestic areas.

Senator ANDERSON. Precisely.

Mr. MYERS. I beg pardon?

Senator ANDERSON. It can go to any other country in the world but America.

Mr. MYERS. That is provided in the act.

Senator ANDERSON. Do you think it is a good provision?

Mr. MYERS. It is not for me to characterize.

Senator ANDERSON. What does the State Department say about it?

There has been a lot said about Africa for the Africans. How do you feel about America for the Americans?

Mr. MARTIN. It seems to me, Senator, that you are drawing a distinction between a temporary arrangement, which this is, and a permanent arrangement.

As this stands, there is no limit on the amount of sugar which the Americans can grow. Their limit has been removed.

Senator ANDERSON. Yes. But there is a limit as to how much they can sell?

If you are a farmer would you be interested in growing material that you are barred from selling?

Mr. MARTIN. Are you barred from selling?

Mr. MYERS. Senator, last year there were no restrictions on marketing sugar as such from many of the domestic areas, because they had reallocated to them as a result of our increases and our total quotas and the deficits in other areas, they had a larger quota than they could fill. They had not prepared for it.

Senator ANDERSON. Now, Mr. Myers, you and I have worked together in the Department of Agriculture on the sugar question.

Mr. MYERS. And very happily. If you will come back, I will be happy again.

Senator ANDERSON. Will you state whether or not the farmer in normal years can go on and plant what he wants to with any assurance that he can sell it?

Mr. MYERS. Senator, there are two restrictions on marketing, and I wanted to get into both. There is, first, the marketing of the beet sugar. That we took off last year because they did not have the supplies to fill the requirements.

Now, secondly, is the acreage, and we have had acreage controls in effect on sugar beets since 1955 through 1960.

By the time this arrangement came along it was too late last summer to revise the beet acreage, and it would have been an idle gesture, so we did not go through the monkey business of taking off the restrictions last summer.

But, for 1961, there are no restrictions on the planting of beet acreage. There is this restriction, and this is, I know what is bothering you, your growers cannot find the market for additional beets because there are only two factories in southeastern Colorado, tributary to your State, that can take beets, and they are filled up. One factory, of course, went down in 1959 in the general area. So that New Mexico, Texas, southeastern Colorado, and Kansas, for all practical purposes, are loaded up. They have no place to go with additional beet acreage.

Senator ANDERSON. So it would do very little good to say that the growing is unrestricted if they cannot find a place to market.

Mr. MYERS. That is absolutely correct. They cannot find a beet factory to contract with.

Senator ANDERSON. Now, Senator Young testified that they can increase the beet acreage in the Red River area in his State to triple the present amount.

Mr. MYERS. After they construct new plants.

Senator ANDERSON. But there has to be a mill.

Mr. MYERS. They have to have additional factories.

Senator ANDERSON. And there won't be a mill as long as the foreign countries can take it all.

Mr. MYERS. Certainly, we can produce all of the sugar that we can market under present quotas with present factories, and more, too.

Senator ANDERSON. Now, the first surplus that comes in the 4- to 10,000-ton group consists of Haiti, Netherlands, Formosa, Costa Rica, and Panama. What happened with Brazil last year? Did Brazil have a surplus of sugar, and does it have one now?

Mr. MYERS. I think it did have a surplus last year.

Senator ANDERSON. You think it has one now, do you not?

Mr. MYERS. I think it does; yes, sir.

Senator ANDERSON. How much?

Mr. MYERS. Well, last year they notified us that they could supply us with 500,000 tons. They were insistent that they have a quota of not less than 300,000. They finally got 100,000.

Senator ANDERSON. Yes. And they have a million tons available, is that right?

Mr. MYERS. I believe they could if they knew they had a market for it.

Senator ANDERSON. Now, can the State Department tell me why it wants to do business only with Costa Rica, Panama, Formosa, the Netherlands, and Haiti and does not want to do business with Brazil?

Mr. MARTIN. We certainly have no objection to doing business with Brazil, Senator.

Senator ANDERSON. You said you wanted the law just as the House passed it.

Mr. MARTIN. But the law, as the House passed it, does not prevent us from doing business with Brazil. As Mr. Myers pointed out, we did buy 100,000 tons from them last year, and we assume we will be able to buy a substantial amount again this year of unallocated sugar.

Senator ANDERSON. But you bought a lot more than that from certain other areas that do not have the quota.

Mr. MARTIN. Yes.

Senator ANDERSON. You bought 200 and some thousand from Nicaragua or Mexico, which was that?

Mr. MYERS. Mexico. That was a formula country, incidentally.

Mr. MARTIN. That is a quota country.

Senator ANDERSON. Now, India has some sugar it would like to sell. Do you have any objection to doing business with India?

Mr. MARTIN. No.

Senator ANDERSON. The State Department policy is that it is all right to do business with India?

Mr. MARTIN. We are going to consider this very carefully; yes, sir.

Senator ANDERSON. But you want the law renewed just as the House passed it?

Mr. MARTIN. Yes, sir. That gives us, we think, adequate discretion to deal with the Indian situation.

Senator ANDERSON. Would the Indians think that gave them adequate discretion or shut them off from the market, shut them out of the market?

Mr. MARTIN. I do not know what they think. They have not had a decision yet, so they have not any basis for thinking.

Senator ANDERSON. They had a decision last year, did they not?

Mr. MARTIN. Yes. I do not think they came in as actively last year as this year.

Senator ANDERSON. How much did they get last year?

Mr. MYERS. None, Senator. We had no application from them last year. They have not been regular exporters, as you probably know.

Senator ANDERSON. Well, there are many countries which have not been regular exporters that have become that.

Mr. MYERS. Another point there, of course, is, to complete the record on this subject, we had to get sugar from places where we could get it in a hurry, and that, for the most part, was Central America, the Carribbean area and Brazil, and this nearby area.

Mr. MARTIN. I want to point out, too, Mr. Senator, this year we will have more sugar to allocate to nonquota countries than last year if the legislation passed the House is enacted because we will have some Dominican sugar.

Senator ANDERSON. But the present act requires that all of the Cuban quota be purchased from other foreign countries, does it not?

Mr. MARTIN. Yes.

Senator ANDERSON. And it is that part that I am wondering about why you will want that done. Why wouldn't you let some of these areas like Senator Young was talking about, produce some sugar?

Mr. MARTIN. Well, I think that our problem here is that to do so would require, as has been pointed out—they need—it would require that they build mills. Nobody is going to build mills until we get a permanent allocation. Therefore, we need permanent legislation before this question can be resolved.

Senator ANDERSON. You are sure of that, are you not?

Mr. MARTIN. That is my understanding; yes, sir.

Senator ANDERSON. Last year a mill ran nearly all year-round and produced far more sugar than it produced before. Is there any reason why these mills cannot increase their capacity?

Mr. MARTIN. No, sir; and I do think there is anything in the legislation to prevent them from running all year-round if they wish.

Senator ANDERSON. No, because they have not a chance to sell their sugar: because you have to bring them from the foreign countries.

Mr. MARTIN. My understanding, as Mr. Myers has indicated, is that there will not be a limit on 1961 sugar as to acreage.

Senator ANDERSON. Do you think they are going to build a mill on the possibility that somebody will take it away from them in 1962?

Mr. MARTIN. No. That is the reason why I think permanent legislation can help.

Senator ANDERSON. Why do you want to carry it for 21 months, and then have another situation saying that there would be a session in August to pass on permanent legislation; and there would be another promise as soon as we got together and considered it again, and then we get a bill from the House 5 days before the deadline?

Mr. MARTIN. So far as we are concerned, we have no objection to the enactment of permanent legislation and having it put into effect as soon as enacted.

Senator ANDERSON. Do you have any objection to the enactment of short-term legislation that would require the writing of a new sugar bill?

Mr. MARTIN. I do not think this is a matter that involves foreign policy considerations. If the Congress wishes to do this, I think we will do our best to carry it out. We do feel it desirable to have some protection over the long-term future, median-term future, as to what our sugar is going to do, and where it is going to come from.

Senator ANDERSON. What do you regard as long-term, for how many years?

Mr. MARTIN. In this context I was thinking of 21 months as being a desirable arrangement.

Senator ANDERSON. But the sugar people may not regard that as a long-term future, if you wait for a sugar act for several years.

Mr. MARTIN. I think permanent legislation certainly has to have a longer period than that, a longer period.

Senator ANDERSON. Do you favor this legislation—is it all right to ask Mr. Myers the position of the Department of Agriculture?

The CHAIRMAN. Yes.

Senator ANDERSON. Does the Department of Agriculture favor this, as passed by the House?

Mr. MYERS. Yes, sir; Senator, for two reasons: No. 1, on April 1, sugar can come in here from anywhere, including Cuba.

Senator ANDERSON. Well, let us get away from the killing of the act and separate the two sections. Do you favor passing a 21-month act as against a 3-month extension?

Mr. MYERS. Well, Senator, a 3-month extension makes it almost impossible to operate. After all, some of our sugar is on the high seas for 6 weeks getting here.

Senator ANDERSON. I have been reading about that. How has it been getting along this month? You made a speech about that.

Mr. MYERS. We are getting along this month, very fortunately and very well, for one very good reason, and that is the sugar trade of this country has taken it upon itself to start sugar here from distant ports without waiting for this legislation. If they had waited for the legislation we would have had a catastrophe on our hands.

Senator ANDERSON. But it has done it and it can do it again, can it not?

Mr. MYERS. I could not say that it could not do it, but I would say that we are living very, very dangerously.

Senator ANDERSON. You would not say it could not be done, would you?

Mr. MYERS. I would not say that it cannot be done. But progressively as we go farther and farther afield for our sugar we have to have more and more lead time.

Senator ANDERSON. Did you make a speech to the Sugar Club of New York on Thursday, January 19 of this year?

Mr. MYERS. I certainly did.

Senator ANDERSON. In this did you say:

Great danger is involved in delaying too long extension of the Sugar Act. It requires anywhere from several days to several weeks of sailing time for sugar to reach our ports from points of origin. It requires additional days for loading. Frequently it requires an additional 2 weeks to secure ships. A delay until March 31, in amending the Sugar Act, therefore, could have serious consequences.

Mr. MYERS. I did.

Senator ANDERSON. All right.

Now, tell us of the serious consequences.

Mr. MYERS. Senator, I think the only reason why you do not have a serious consequence is that the trade, anticipating that the act is going to be extended, have gone ahead and arranged for sugar to come, and they have not waited for it.

Senator ANDERSON. What did you say in your speech last January that they were not to be serious consequences; all I read there was that there was going to be a serious consequence. Did you leave a loop-hole in that speech?

Mr. MYERS. I do not recall; I did not pull any punches. I was very serious, and I am very serious today.

Senator ANDERSON. Punches? What were the punches?

Mr. MYERS. Yes, sir; I was dead serious on this point, that if we do not have legislation in time to arrange for our sugar imports in an orderly fashion, we can get into trouble.

Senator ANDERSON. And it is your testimony, as head of the Sugar Division, that a 3-month extension would not be of any value?

Mr. MYERS. I would not say it would not be of any value. I just say it is difficult to run the sugar business on a 3-month basis. We are doing it this year, and it does get into difficulties. Some of these quotas are very small and some of the sugar is on the water a long time. That is all I can say.

Senator ANDERSON. Well, does that tend to help the areas that now have domestic quotas in this country and discriminate against the new growers, in your opinion?

Mr. MYERS. Senator, this legislation has not involved the shifting of foreign quotas to domestic areas and, let me say, that this whole quota fight is going to be the most difficult one this time that I think we have ever seen, because of the ambition to get quotas both by domestic areas and by foreign areas. It is going to be a major job overhauling that.

Senator ANDERSON. What happened to the growth factor domestically in the last 5 years? Will you give us the amount of sugar acreage in 1956, 5 years ago?

Mr. MYERS. I beg your pardon?

Senator ANDERSON. What was the amount of sugar acreage in 1956, 5 years ago?

Was it about 850,000 acres?

Mr. MYERS. That is correct; yes, sir.

Senator ANDERSON. Now, what is it this year?

Mr. MYERS. It is, well, unlimited this year.

Senator ANDERSON. What is the acreage going to be?

Mr. MYERS. Estimated to be just under 1,100,000.

Senator ANDERSON. 1,100,000?

Mr. MYERS. That is right.

Senator ANDERSON. So it has gone from 837,000 to 1.1 million in 5 years. How much is this new area, not just new neighborhood; how much moved down into Kansas and North Dakota and Senator Curtis, who wants 5,000 more acres in Nebraska, and so forth; how much of it moved?

Mr. MYERS. Senator, we do not try to differentiate between a new grower in Nebraska or North Dakota or New Mexico or anywhere else. A new grower is a new grower.

Senator ANDERSON. What have you done for new areas then?

Mr. MYERS. Senator, there has been nothing done for new areas as such for the very simple reason that the Sugar Act does not provide it.

The Sugar Act states, and I quote:

"In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) within the proportionate share for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane."

There are other provisions, but those are the important ones.

Senator ANDERSON. Why don't you stop after "the Secretary shall, insofar as practicable, protect the interests of new producers"?

Mr. MYERS. New producers, that is correct.

Senator ANDERSON. That is what we are talking about.

Mr. MYERS. And we have required a minimum of from 1 to 2 percent cumulatively to go to new producers. In some cases, also part of that was used for small producers.

Senator ANDERSON. Are they neighbors of the present producers, or do you ever go into new areas?

Mr. MYERS. Well, they go on a percentage basis because of the provision I just read. It goes on a percentage basis into the areas on the basis of the production of the State.

Senator ANDERSON. Actually, Mr. Myers, haven't you sat there constantly trying to freeze the pattern to the men who have got it now, their neighbors and their friends?

Mr. MYERS. Senator, I am going to ask you to do me the kind favor—you have been kind enough to honor me with reading some of my talks, and I am going to ask you to read two others in which I touch on that.

Senator ANDERSON. I read two others, and then some.

Mr. MYERS. No, we have pointed out repeatedly that the new growers must be taken care of, and in a talk I gave or I was prepared to give—this bill stopped me from getting there—to the California Beet Growers Association—

Senator ANDERSON. San Francisco, Friday, January 20?

Mr. MYERS. Exactly.

Senator ANDERSON. Good.

Mr. MYERS. I went to the extent of pointing out there, I believe you will find it somewhere, that the old growers had to be prepared even to take a cut in order to give acreage to new growers if we are going to have these control programs.

Senator ANDERSON. Now name the grower that had his acreage cut; just "a," not "any," not "a thousand," just "any," "a."

Mr. MYERS. Well, Senator, we have been gradually increasing the acreage, and this past year, this year, we have no restriction. Obviously there has been no cutback this year. There was a cutback from 1955 to 1956.

Senator ANDERSON. You have gone from 837,000 acres to 1.1 million acres, and you have taken care to see that no new acreage goes into Texas, no new acreage goes into New Mexico, no new acreage goes into Kansas, into Nevada, into Arizona, and so forth.

Now is that a pattern, or is it not?

Mr. MYERS. Senator, please let me correct that.

You are mistaken. Those States, with the exception of Nevada, which had no basic acreage, have obtained the same percentage increase as other States. The point—

Senator ANDERSON. Well, Nevada has the same increase: 100 percent of zero is still zero.

We have had the same acreage. We have had 1 percent increase on a hundred acres. That is 101 acres.

Let me read you what some people got. Let me read you a little bit from the Farm Journal of April 1961.

When the Farm Journal told you last December that a 10 to 25 percent sugar beet acreage was in the cards for 1961, we weren't stretching it a bit—

and then they tell what Amalgamated got. It is up 18 percent, with the big bins coming in south central Idaho; American Crystal of Denver is up 17 percent; coming down to Montana, that company has contracted 52 percent more acreage.

Now you gave us 1 percent on 100 acres. You could not have spared us an acre of this 52 percent.

Mr. MYERS. Senator, if you can find a plant to process the beets—

Senator ANDERSON. You cannot find a plant because you will not allot any acreage. They do not dare come down there.

Mr. MYERS. Senator, the plain fact is that some of your plants have gone out that were tributary; you had no plants in New Mexico, as you know, and in the—

Senator ANDERSON. I do not know because I have seen one, but it is not there now.

Mr. MYERS. Well, I do not have a record of it, I am sorry. But in southern and southeastern Colorado and southwestern Kansas, plants have been going out.

In 1959 a plant went out at Swink; in 1956 the plant went out in Garden City.

Senator ANDERSON. Why did it go out in Garden City?

Mr. MYERS. It went out in Garden City apparently because it had difficulty in getting acreage in competition with other crops.

They had some difficulty with pests over the years, and farmers apparently found it more profitable to grow other crops.

Senator ANDERSON. Now the Grand Island, Nebr., plant is up 39 percent of American Crystal.

Mr. MYERS. It has been operating at a very, very low rate of capacity for the last several years and, therefore, it was able to step out this year and take acreage.

Senator, please don't get me in a position where I seem to be arguing that I do not like your folks to have acreage, because that just is not so. All I am trying to explain is the physical fact that the plants are not there to process additional acreage.

Senator ANDERSON. Of course, the farmers out there think handsome is as handsome does. They see southern Minnesota of American Crystal up 58 percent. Could you spare a little of that acreage for Congressman Rogers of Texas over there?

Mr. MYERS. Senator, I have no interest in whether it is grown in Texas or in Minnesota or elsewhere. Again you have a plant that has not operated at anything like capacity for a number of years.

Senator ANDERSON. The mills tell our farmers they will be glad to contract with them if they will get a guarantee of so much acreage, but they cannot get any guarantee of any kind or description.

Instead of that, it goes up into southern Minnesota with a 58-percent increase.

Mr. MYERS. Well, Senator, all I can say is I have heard quotations from these plants on both sides of the fence. The representatives of the companies are here. They can testify. I do not know whether the plants—the companies—will put up additional plants there or not.

Obviously you cannot build a plant on the spur of the moment. It takes time; it takes planning.

Senator ANDERSON. Is that why you want to lock it up for 21 months so that they cannot plan?

Mr. MYERS. Senator, if you can get a sugar act, a permanent sugar act, passed in 15 minutes from now, there would not be anything that would make me happier.

Senator ANDERSON. Well, you sat with the Secretary of Agriculture's office when one was gotten up in 1948, and it was not done in 15 minutes, so both you and I understand how absurd that would be.

But is there any reason why it cannot be done in 15 years? You understand, for example, this reason for the 4 to 10,000-acre limitation in the act, don't you?

Mr. MYERS. Four to 10,000?

Senator ANDERSON. Yes. People who have quotas from 4 to 10,000.

Mr. MYERS. You mean that little 10,000 tons?

Senator ANDERSON. Was that designed to defeat somebody with 200,000 tons?

Mr. MYERS. No. None of those little minor countries could utilize that much anyway.

Senator ANDERSON. Have they stayed minor countries in the production of sugar?

Mr. MYERS. Those little countries are still little, yes.

Senator ANDERSON. They are?

Mr. MYERS. Costa Rica, Panama have gone up some, but they are still minor. They are not up.

Senator ANDERSON. So one of them got 26,000 tons. That is not too small, is it?

Mr. MYERS. Haiti, it is true, Haiti, got more; and it may well be that some of the little Central American countries will get more, but they will not be up in the 200,000 tons.

Senator ANDERSON. Mr. Martin, my only concern is that the State Department wants this done for 21 months again to freeze this same pattern again, which the existing mills wants frozen, and I do not see why the State Department is concerned as long as you have trade with these other countries.

Mr. MARTIN. Mr. Senator, we do not want to freeze it for 21 months for this reason: We want a 21-month extension because we feel it is desirable to have an arrangement which would last that long in case we do not get new legislation this year.

We do not object to getting new legislation, and to work hard for it. We think it is going to be, as Mr. Myers has said, a very difficult problem. We have foreign interests and domestic interests in controversy, and we will be glad to cooperate with the Congress in work-

ing on new legislation just as soon as the Congress wishes to start with it.

Senator ANDERSON. But is not your testimony in favor of the foreign interests and against the domestic interests?

Mr. MARTIN. I do not think it is in favor of the foreign interests and against the domestic. I think they both have arguments on their behalf which have to be taken into account.

I would point out that we do have a real problem in finding markets for things which can be made in many of the less-developed countries of the world to which we are trying to give assistance.

We want them to be able to pay back loans we have made them. We want them to be able to support themselves at some early date, and it is difficult to find things that they can economically produce and sell in the markets of the world.

Sugar is one of the things that they can produce more efficiently than most other people and, on the whole, more efficiently as has been pointed out, than American growers.

This does not mean we want to upset the 45-55 adversely to American growers, but we do think it is a major policy decision to move the other way.

Senator ANDERSON. What nation is the largest producer of sugar?

Mr. MARTIN. I suppose—

Senator ANDERSON. Russia, of course.

Mr. MYERS. Russia at the present time

Mr. MARTIN. Yes, sir.

Senator ANDERSON. I did not think it was these Central American countries. We have to develop some of these other markets.

Mr. MARTIN. But they are the people we are buying sugar from. We are not buying it from Russia, and I hope we will never do so.

Senator ANDERSON. Why, if it is so advantageous to keep bringing in and to find a basis of trade?

Mr. MARTIN. I was suggesting that we were trying to find a basis for trade with countries we were giving assistance to, and whose economy we think, from a security standpoint it is important to build up.

Senator ANDERSON. Is not Brazil a country with whom we would like to have good relationships?

Mr. MARTIN. It certainly is.

Senator ANDERSON. Isn't Brazil's sugar production increased some 3 million tons recently, they would like to sell some. Yet we do not amend the law any to give them a chance to. We do not for India, and we have a half million tons.

Mr. MARTIN. I think that this raises some very difficult problems. We have said to India and we have said to Brazil and these other countries, that:

At the moment we are temporarily in the market for additional sugar outside the quota. This is a temporary situation which cannot be expected to continue indefinitely, but pending the enactment of permanent legislation. We have a special Cuban problem. You should not increase any additional sugar capacity by a penny in reliance on the U.S. sugar market.

I think that is the only right position we can take at this moment.

Now, when we get to revising the Sugar Act on a permanent basis, we certainly will want to consider Brazil and India, the Brazilian and the Indian claims. But I think it would be a difficult thing to decide

now in the light of the various issues from other countries and from domestic growers that permanent legislation is going to solve the Brazilian or Indian desire for a long-term market in the United States; and under the present arrangements for this year, 1961, we think we will have substantial sugar which we cannot buy from quota countries, which we can buy from Brazil and India.

Senator ANDERSON. But you do not want to give them any rights in the market.

Mr. MARTIN. I do not think we want to without the most careful consideration.

Now, if we should enact permanent legislation which would do so prior to the end of this calendar year, that certainly will be all right with us.

Senator ANDERSON. Well, you have been able to get by with extensions, right along, on a short-term basis. Why wouldn't a short extension be desirable now and give a chance to some people in the consideration of a long-term program? Don't you feel that the regulations that are written into this law were written at a time when we never anticipated that anybody other than Cuba would be our biggest producer, and might be revised in the light of what has happened in the world?

Mr. MARTIN. I think they must be revised in due course.

Senator ANDERSON. Why do we set it for 21 months?

Mr. MARTIN. I think the problems are those which have been stated by Mr. Myers in operating our program.

Senator ANDERSON. Mr. Myers knows we can go ahead perfectly with a 6-month, 9-month, and I think, with a 3-month extension. I have not had his experience in sugar, but I have had a little of it.

I bought two Cuban sugar crops of over \$900 million.

Mr. MARTIN. I will not deny that we cannot live with it. I think I have indicated we would do what the Congress chooses to do. But we feel it would be a more comfortable situation with a 21-month extension.

Senator DOUGLAS. Mr. Chairman?

The CHAIRMAN. Senator Douglas.

Senator DOUGLAS. I would like to ask, what is the price which the United States now pays for raw sugar which it imports from abroad?

Mr. MYERS. Senator, the market was quoted on the 24th at \$6.25 a hundred pounds, duty-paid—

Senator DOUGLAS. Just a minute. Is that raw sugar?

Mr. MYERS. That is raw sugar.

Senator DOUGLAS. Does it include the processing tax?

Mr. MYERS. No; it does not.

Senator DOUGLAS. So it is raw sugar which has not paid the processing tax.

Mr. MYERS. That is correct.

Senator DOUGLAS. Has it paid the tariff?

Mr. MYERS. Yes.

Senator DOUGLAS. So, to deduct the tariff, what would it be, \$5.75?

Mr. MYERS. It would be \$5.75 on the basis of the Cuban tariff of 50 cents a hundred pounds. It would be \$5.625 cents for other foreign countries, which have a duty of 62.5 cents.

Senator DOUGLAS. Let us say then that it is 0.57 cents a pound or \$5.75 per hundred pounds.

Now, then, what is the price of sugar on the so-called free world market?

Mr. MYERS. On the same date, it was \$3.02 per hundred pounds.

Senator DOUGLAS. So there is a difference; that is, we pay 2.5 cents a pound more for imported sugar than this sugar sells for on the free world market?

Mr. MYERS. A gross difference of \$2.60. However, in fairness, one would have to recognize the ocean shipping costs of perhaps 30 cents a hundred pounds, which would bring it down to, say, \$2.30 a hundred.

Senator DOUGLAS. 2.3 cents per pound?

Mr. MYERS. That is correct.

Senator DOUGLAS. That comes to \$46 a ton?

Mr. MYERS. That is correct.

Senator DOUGLAS. Now, this enables the price of sugar grown domestically to rise by this, to this degree?

Mr. MYERS. That is correct.

Senator DOUGLAS. And we have consumed each year approximately 10 million tons of sugar?

Mr. MYERS. Our consumption was not that much. Our overall quota potential is that much. We have actually used probably this year something like 9 million, and 9,600,000.

Senator DOUGLAS. I am using approximate figures.

Mr. MYERS. For rough figures, all right.

Senator DOUGLAS. Approximately 10 million.

So the consumers pay 10 million times \$46 a ton, or \$460 million more than they would pay if they were able to get the sugar at the free world price; is that true?

Mr. MYERS. Yes, with just one qualification, and that is that if we were to throw our demand suddenly onto the world market, of course, we would cause a terrific shortage.

Senator DOUGLAS. Yes. But just a minute.

Mr. MYERS. I beg pardon.

Senator DOUGLAS. Go ahead.

Mr. MYERS. Over a period of years it is uncertain where the world price would go.

Senator DOUGLAS. Now, two questions: Is it not true there is a big surplus of sugar on the world market at the present time?

Mr. MYERS. There happens to be this year.

In 1958, there was a shortage on the world market.

Senator DOUGLAS. But the publication, "Special Study on Sugar" which, I presume, you had something to do with, states that the carry-over at the end of 1958-59 was more than 4.7 million tons. That is on page 27; and on the same page it states that this surplus increased slightly in 1959-60 and was expected to increase sharply in 1960-61. So would not this produce a surplus probably of, not far from 6 million tons?

Mr. MYERS. Yes, Senator. But keep in mind, that is on the basis of about 60 million tons of sugar produced and consumed in the world.

Senator DOUGLAS. I understand. But is it not true that you estimate the production of sugar in the world for the current year of 1960-61 at approximately 58 million tons?

Mr. MYERS. I believe that is correct.

Senator DOUGLAS. And consumption at 53.5 million tons?

Mr. MYERS. That sounds like——

Senator DOUGLAS. That leaves a surplus of 4.5 million tons for this year alone, and if you add that to the previous surplus, that comes to well over 9 million tons surplus existing at the present time; is that true?

Mr. MYERS. We are most fortunate, Senator, that at the time when we were having these Cuban supplies cut off, that we have hit a period of ample world crops. We could have been in a bad situation.

Senator DOUGLAS. I understand. What I am trying to get at is the subsidy which the domestic consumers of sugar pay to the producers of sugar, both domestic and foreign, and it would seem to come not far from the difference between the world price and the American price which, as you say, comes to about two and a third cents a pound, or around \$46 a ton, or in the aggregate to somewhere around \$460 million; is that not right?

Mr. MYERS. That makes sense; yes.

Senator DOUGLAS. Did you answer the question?

Mr. MYERS. That is correct; yes.

Senator DOUGLAS. Yes.

Now, in addition to that, there is an excise or processing tax of one-half cent per pound on sugar, both domestic and imported?

Mr. MYERS. That is correct.

Senator DOUGLAS. Which comes to \$10——

Mr. MYERS. A ton.

Senator DOUGLAS. A ton on 10 million tons, which comes to another \$100 million; is that not true?

Mr. MYERS. That is correct.

Senator DOUGLAS. And there is a tariff, as you say, 50 cents on Philippine sugar, if we had any Cuban sugar——

Mr. MYERS. On Cuban sugar, 50 cents a hundred on Cuban sugar.

Senator DOUGLAS. Yes.

Mr. MYERS. On full duty sugar, it is 62.5, and on Philippines, it is about 5 cents.

Senator DOUGLAS. And Philippines?

Mr. MYERS. Five cents a hundred at the present time.

Senator DOUGLAS. I see.

Now, what is the average?

Mr. MYERS. Well, we usually use the Cuban duty, in round numbers, \$10 a ton.

Senator DOUGLAS. Now, then, on the 4.5 million tons that are imported, this comes to another \$45 million; wouldn't that be true?

Mr. MYERS. That would be correct.

Senator DOUGLAS. But this enables the domestic price to rise?

Mr. MYERS. Yes.

Senator DOUGLAS. So this comes to another subsidy of \$100 million?

Mr. MYERS. That is right.

Senator DOUGLAS. So in all, the consumers pay a subsidy of \$600 million to domestic and foreign producers.

Mr. MYERS. Yes.

Senator DOUGLAS. Or 3.2 cents a pound.

Mr. MYERS. The only qualification on that being what would happen in a world crisis.

Senator DOUGLAS. I understand.

Mr. MYERS. Yes.

Senator DOUGLAS. Or 3.2 cents a pound.

Mr. MYERS. That is right.

Senator DOUGLAS. And the domestic price which the housewife pays is about 12 cents a pound?

Mr. MYERS. At retail, that is a little on the high side.

Senator DOUGLAS. Around 12 cents a pound.

Mr. MYERS. That is not too far from that.

Senator DOUGLAS. So that about a quarter of her price goes as a subsidy. On the sugar sold at wholesale in carload lots, the average price there is about $9\frac{1}{4}$ cents?

Mr. MYERS. That is correct.

Senator DOUGLAS. So that about a third of that price goes as a subsidy?

Mr. MYERS. Yes.

Senator DOUGLAS. And this tends to be passed on to the producers of candy and cakes and soft drinks, and so forth, so that the consumer ultimately pays?

Mr. MYERS. Well, it is hard to say. Some American citizen must pay it. About two-thirds of our sugar reaches the consumer in the form of sugar containing products such as soft drinks and the like, and it is hard to say to what extent a small change would be passed on.

Senator DOUGLAS. Taking our total consumption of sugar, the average American consumes just a little short of 100 pounds a year.

Mr. MYERS. Of refined value; that is correct.

Senator DOUGLAS. So with 3.2 cents a pound, that is about \$3.20 or let us say \$3 per person of a subsidy.

Mr. MYERS. Per person.

Senator DOUGLAS. And for a family of four, about \$12 a year.

Mr. MYERS. If this is all passed on. As I say, a large part of it may be absorbed by the manufacturer.

Senator DOUGLAS. Mr. Chairman, I think it is very important that we should consider the price which the American consumer pays for the sugar.

Now, there is another question I would like to ask. We formerly were importing from Cuba approximately 3 million tons a year, or two-thirds of the foreign——

Mr. MYERS. That is correct. There were about $3\frac{1}{4}$ million tons.

Senator DOUGLAS. May I ask this question: If we reallocate this amount of 3 million tons either to foreign producers, as the Department of State advocated, or to domestic producers, as some of my colleagues seem to wish to do, for the next 2 years, will you not build up a series of vested interests which will not want to let go when we come to the enactment of a permanent sugar bill?

Mr. MYERS. That is a great possibility.

Senator DOUGLAS. Isn't it a probability?

Mr. MYERS. In that speech that Senator Anderson was kind enough to quote from I called attention to that problem.

Senator DOUGLAS. Isn't it probable?

Mr. MYERS. I think so.

Senator DOUGLAS. I think our Government acted correctly in cutting off the importation of sugar from Cuba because of the provocative acts of the Cuban Government under Castro.

But we all hope that some time there would be a Cuban Government that would reverse its policy and pursue a policy of friendship to the United States. What that happens we do not want to see the Cubans penalized or the new government penalized by the fact that this consumption has been diverted either to other countries or domestic producers; isn't that true?

Mr. MYERS. I think that is true, and I am sure Senator Anderson would agree with me that during the wartime, the postwar period, until this present Castro government came in, we got excellent cooperation from the Cuban Government and the Cuban industry.

Senator DOUGLAS. Let me ask you this question: If the Cubans know their 3 million tons have been reallocated either to foreign producers or to domestic producers, and will know that naturally these people once planting acreage and building mills will not want to let go, won't this diminish the incentive which the Cubans will otherwise have to change their government. Won't they feel that they have been shut out more or less permanently from the American market, and that even if they do change their government they will not be able to export much sugar to us?

Mr. MYERS. Well, Senator, on that score I would just like to say this: That I think it is with great wisdom that the Senate and the Congress last summer used different language to—on the reallocation of the sugar to—emphasize it was temporary.

I listened with great interest to the emphasis that Mr. Martin put on it a moment ago. I think these hearings are putting emphasis on it, and are of great value to try to stop the building up of vested interests.

Senator DOUGLAS. But, as Senator Anderson has pointed out, we extended this for 6 months, and now we extend it for 21 months. You are extending it over 2 years, and are you not going to inevitably during that period of time, which is at least 2 and possibly 3 years, 3 growing years, are you not going to build up a series of vested interests which will want to hold onto the market and which, in effect, will tend to prevent Cuba from getting back into the market if she wants to behave herself?

Mr. MANN. Senator, I would like to say in response to that that the aspiration of Latin America, which is the area that I know best, for a greater share in the U.S. sugar market antedates the Castro problem, antedates the Castro problems.

This has been, as the Senator knows, a controversial subject for as many years as I have been around the State Department, and I simply point out that the aspiration is not only there, but it has been there for some time.

We do recognize that to the extent that we temporarily, and we hope it is temporary, deprive Cuba of its quota, there may be in the minds of some people the hope that this is a permanent market. But we hope to, we intend to, set the record clear in writing—we have already done so orally, as we have done this morning—in diplomatic notes pointing out that this is not a permanent arrangement, and until

Congress, in its wisdom, has amended the Sugar Act, that this has to be provisional and very temporary, and I do not want to say that the aspiration that this will cure the problem exists, but I do not think we are going to be in a substantially worse condition a year from now than we are today.

Senator DOUGLAS. Now, may I try out a possibility upon you gentlemen and see what you think of it.

Suppose instead of reallocating this 3 million tons of sugar, Cuban sugar, either to other foreign countries or to domestic industry at the subsidized price, we buy it on the open market, the open world market, not from Cuba, not from Russia, but on the open world market, and pay for it the world price of 3.2 cents, plus any increase that would occur.

This would save at least around 2 cents or \$40 a ton, and on the 3 million tons which would thus be imported, levy a tax equivalent to the difference in price, and thus net the Treasury \$120 million. This would not disturb the domestic situation too much, not disturb the domestic producers, not disturb existing foreign producers, but would transform the subsidy which the consumers pay on the 3 million tons into revenue for the Government. Wouldn't that be the healthier proposal than the one which we now have?

Mr. MANN. Senator, if we bought the Cuban sugar at the world price, this would mean——

Senator DOUGLAS. It is not Cuban sugar that I am proposing.

Mr. MANN. It is sugar taken away from Cuba.

Senator DOUGLAS. Yes, that is correct.

Mr. MANN. If we bought it at the world price the sugar which normally under the act would have been bought from Cuba, it would mean that we were paying some countries the world price and some other countries the U.S. price.

Senator DOUGLAS. But we would be doing it impersonally through the market. You know, one of the things that I resent in the performance of Castro was that he criticized the United States for paying Cuba 2½ cents above the world price, and then praised Russia for paying him slightly less than the world price. This is what I resented very much.

I do not see how anyone could object if we paid the market price, because the market price is independently determined.

Didn't you do that, precisely that, with the Dominican Republic last summer?

Mr. MANN. We did. But this was on a discriminatory basis because the sugar has to be bought, especially if you wanted to avoid transshipment of Cuban sugar, you have to buy this under the quota arrangement in the law, I believe, from particular countries, and you would, Senator, be paying the country two different prices for sugar, substantially different prices. You would be paying Mexico, which is a regular quota country, a very high price, and Brazil, which is not a quota country, a low price.

Senator DOUGLAS. But is it necessary that these countries should be paid above the world price on everything that they should send to the United States—even if this is in excess of what they previously had been sending to us? Would it not be sufficient if we paid them the subsidized price on the quotas which they formerly sent to us, but on the added quantities, we paid the world price?

Mr. MANN. Well, I am sure, Senator, that in the case of some of the Latin American countries, that they would believe and state that they were entitled to equal treatment in terms of the price which they received for their sugar.

Senator TALMADGE. Will the Senator yield at that point?

Senator DOUGLAS. Yes.

Senator TALMADGE. Why is it necessary to pay the subsidy for any foreign sugar produced, that is, sugar not produced in the United States or its territories? Why do we give a foreign producer of sugar the same protection that we do a domestic producer of sugar? I would like the State Department's views on that, and Mr. Myer's views.

Mr. MANN. Well, I was not here, Senator, at the time the sugar act was passed in 1948, I believe Senator Anderson said, but I presume that the history of fluctuations on the price of sugar prior to that date caused Congress to decide that in order to have price stability in this country that the system, the quota system, and the price system set out in the act was the best way to achieve it, and certainly it has worked well insofar as stability in the industry is concerned. It must have been one of the major objectives, but I am not the expert on it.

Senator TALMADGE. Mr. Chairman, may I have Mr. Myer's comment on that just before we leave that issue?

I would like your comments on the same question I asked the State Department, to wit: Why should we pay a subsidy for foreign sugar production, that is, the same subsidy we pay the domestic producers?

Mr. MYERS. Senator Talmadge, that goes back to the 1930's actually, when there was a feeling—

Senator ANDERSON. It goes back to what?

Mr. MYERS. The 1930's.

Senator BENNETT. May we have Mr. Myers in front of the microphone?

Mr. MYERS. This procedure of paying foreign countries a premium for their sugar started back in the 1930's.

Following the tariff act of 1930, which some people felt had a good deal to do with the depression, the economic depression in foreign countries, there was a very sharp drop in our imports of Cuban sugar.

That drop came from a peak of over 4 million tons in the early 1920's down to a million and a half tons, as I recall, in 1933.

The world price fell to a low of a half cent a pound, for several years it was less than a cent a pound, and it was the feeling on the part of the American Government, enunciated very clearly by the then Chairman of the Tariff Commission, that it was unwise for the United States to solve its problem of the domestic sugar producer by further tariff increases, and therefore they devised this quota system that would, one, put restrictions on our domestic producers, because by expanding production, of course, they had cut down on imports; and, two, it would give some of the benefits to our foreign suppliers, which was then substantially Cuba. The Philippines, at that time, of course, was part of the United States.

So the quota system was devised, and the quota premium paid to the Cuban producers as well as to domestic producers.

That continued up to the war when, of course, the U.S. Government took over the entire sugar supply problem.

Senator Anderson handled that one, and can testify in more detail that I can on it, and in the post-war period we went back again to the same procedure that we have had in the past, but with fixed quotas in 1948.

You will recall, Senator Anderson, in the 1948 act, the act that you revised, we would let Cuba off of this wartime plateau we had built them up to by giving them in the early days 95 percent of the Philippine deficit, and then substantially all of the growth in production, with fixed domestic quotas until such time as Cuba would have a market that would let them run along on a level.

I would say, Senator Talmadge, that Cuba did a marvelous job of standing along with us in coordinating her sugar supply problem with our requirements.

When the Korean fighting broke out in 1950 the world sugar market took off into the sky. Cuba sold us not only its full quota supply, but an additional 600,000 tons at a price below the market at the time I had to negotiate it afterward, and again in 1957 and 1958 when the price, when the world market price rose up, they again filled their quotas, filled the quotas on the U.S. market at less than the world market.

Since Mr. Castro has come in, we obviously have had no cooperation.

Senator TALMADGE. Would you supply for the record at that point a statement showing the imports of sugar that we have had since the adoption of this quota system, the price we paid for it, and the equivalent world price at that time, and what I want to ascertain is whether or not we are getting a bargain in subsidizing the foreign producers.

Mr. MYERS. I shall be glad to put that in the record.

Let me say this, the record, when it is supplied, is going to show that Cuba got paid over the years very handsomely for what they supplied us. But they did cooperate with us, and let me also point out, Senator, to complete my statement, the 1948 act put fixed quotas on the domestic areas, in the amendments enacted in the House in 1955, but in the Senate in 1956, the domestic areas collectively were able to supply 55 percent of the increase in our domestic requirements.

(The information referred to follows:)

Selected data concerning sugar imports, prices, and price premium in the U.S. market

Calendar year ¹	Cuba	Other foreign countries	Philippines ²	Total	U.S. price, cost, insurance and freight basis, New York	Freight and insurance, Cuba to New York	Indicated price for shipment from Cuba to —		Difference, U.S. price from world price		Premium to Cuba
							United States	World market	Cents per pound	Dollars per ton	
1,000 tons											
1934.....	1,866	30	1,088	2,984	1.50	0.13	1.37	0.91	+0.46	+9.20	17.2
1935.....	1,830	11	917	2,758	2.33	.12	2.21	.88	+1.33	+26.60	48.7
1936.....	2,102	29	985	3,116	2.69	.13	2.56	.88	+1.68	+33.60	70.6
1937.....	2,155	89	991	3,235	2.54	.19	2.35	1.13	+1.22	+24.40	52.6
1938.....	1,941	75	981	2,997	2.04	.14	1.90	1.00	+1.90	+18.00	34.9
1939.....	1,930	62	980	2,972	1.91	.17	1.74	1.43	+1.31	+6.20	12.0
1940.....	1,750	17	981	2,748	1.89	.22	1.67	1.11	+1.56	+11.20	19.6
1941.....	2,700	190	855	3,745	2.48	.39	2.09	1.46	+1.63	+12.60	34.0
1942.....	1,796	39	23	1,858	3.29	.51	2.48	2.69	+1.21	+4.20	-7.5
1943.....	2,857	114	0	2,971	3.29	.53	2.46	2.69	+1.23	-4.60	-13.1
1944.....	3,618	106	0	3,724	3.29	.40	2.89	2.69	+1.10	-2.00	-7.2
1945.....	2,803	87	0	2,890	3.00	.35	2.65	3.14	+1.49	-9.80	-27.3
1946.....	2,282	46	0	2,328	3.86	.44	3.42	4.24	+1.82	-16.40	-37.4
1947.....	3,943	45	0	3,988	5.46	.49	4.97	5.03	+1.06	-1.20	-4.7
1948.....	2,927	62	252	3,241	5.04	.40	4.64	4.23	+1.41	+8.20	24.0
1949.....	3,103	52	525	3,680	5.31	.37	4.94	4.16	+1.78	+15.60	48.4
1950.....	3,264	61	474	3,799	5.43	.34	5.09	4.98	+1.11	+2.20	7.2
1951.....	2,946	13	706	3,665	5.56	.49	5.07	5.67	+1.60	-12.00	-35.4
1952.....	2,980	51	800	3,891	5.76	.41	5.35	4.17	+1.18	+23.60	70.3
1953.....	2,760	111	932	3,803	5.79	.36	5.43	3.41	+2.02	+40.40	111.5
1954.....	2,718	113	974	3,805	5.59	.38	5.21	3.26	+1.95	+39.00	106.0
1955.....	2,862	118	977	3,957	5.45	.45	5.00	3.24	+1.76	+35.20	100.7
1956.....	3,089	126	982	4,197	5.59	.49	5.10	3.48	+1.62	+32.40	100.1
1957.....	3,127	217	906	4,250	5.74	.43	5.31	5.16	+1.14	+2.80	8.8
1958.....	3,438	279	980	4,697	5.77	.36	5.41	3.50	+1.91	+38.20	131.3
1959.....	3,215	279	980	4,474	5.74	.39	5.35	2.97	+2.38	+47.60	153.0
1960.....	2,394	1,430	1,155	4,979	5.80	.45	5.35	3.14	+2.21	+44.20	4103.8
27-year total.....	72,396	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,123.9

¹ Quotas were not in effect Sept. 11 1939, to Dec. 26, 1939, and Apr. 12, 1942, to Dec. 31, 1947.

² Domestic area through 1946.

³ Price on record U.S. refiners (plus 0.75 cents duty) by Commodity Credit Corporation.

⁴ Cuban sugar not imported after July; premium would have been \$58 million higher if importation had been continued.

Senator CURTIS. Mr. Chairman, would Senator Talmadge yield right there?

Senator ANDERSON. I want to just supplement the statement because in the words of the Sugar Act of 1948, which were done in the office where I spent a little time, and it was not purely the question, I do not think, of going into a lot of fancy figures—actually nearly all the quota went to a small group. They were the domestic cane and domestic beet producers of the United States.

This was the bible that we used at that time, you may remember.

The blue—this is not tonnage, this is a relative percentage of the market—the blue represents Cuba; the white represents U.S. cane. You will see how U.S. cane is almost squeezed out during the war years because we had to ask the American producer of cane patriotically to switch to something else, and he did, one of the reasons why we had Public Law 12, was it not, Senator Ellender, the one that Steve Pace put in about guaranteeing prices for wartime, was that we had to give time for these producers who had been squeezed out here in the white sections to shift back to other crops. But we depended very heavily upon the Cuban production.

We did it again in this period where again Cuba comes in with it. The red represents U.S. beet, and that sort of regularly grows.

The yellow was Hawaii, and that comes down there at times and then spreads out again.

The green is Puerto Rico, and it becomes an important area.

The Philippines were terminated, of course, in the period of the war, and then we developed these other areas which came into it, and frankly, the other areas were not regarded as extremely important.

We were concerned with Cuba, which was our next-door neighbor, and which bought in flour and various other commodities almost an equivalent of all it sold us in the way of sugar. This was an even trade arrangement.

If Cuba had wanted to get a lower price for its sugar, we would have given it the same dump price on grains we do with other countries. But this was a straight trade across the board, and they sold us so much sugar and we sold them so much flour and various other commodities.

But the areas for Cuban, United States cane, United States beet, Hawaii, Puerto Rico, and the Philippines are here. But these were all areas under the American flag or close to the American flag.

Cuba had been very close to us for a long, long time, and we regarded it as a sort of bastion, and I think one of the reasons why no greater worry was expressed as to the fact that they got the same subsidy price was that the other areas were very minor, almost miniscule, and we paid no great attention to them.

Now, when you get to an area like Mexico which had a quota of 115,000 tons, but picked up 284,000 other tons last year, or the Dominican Republic which had a quota of 130,000 tons and picked up 321,000 other tons, they became very important areas, and it was not in the contemplation of the people who wrote the act in 1948, and what I have been trying to say is, I think we ought to take time enough now to take a look at what was done in 1948 and rectify some of the things we did then, depending upon Cuba to be the principal source of our sugar supply. That has changed.

That may change the whole subsidy picture now, Senator Talmadge, because the same considerations are no longer there.

Now, the cane people, and I see two representatives here from that area, have never been under great distress, so far as we are concerned; they have sometimes used their full acreage, not always used their full acreage, and whenever America got into a war difficulty, they quickly changed and planted the types of crops that America needed to take care of the food.

I say that in compliment to the cane areas. They are not in great distress now. I do not mind an expansion, and I am happy to see an extension in the cane areas. I do not want to freeze this pattern with other countries and have trouble at a later date and leave our friends, who are our friends such as India and Brazil and all the individuals who happen to run the steamship lines up to this country.

Senator DOUGLAS. Would you forgive me for just a minute, Senator Curtis?

Senator CURTIS. Yes.

Senator DOUGLAS. Is it not true that the basic Sugar Act, the Jones-Costigan Act of 1934, stated that not only were the interests of producers to be taken into account, but the interests of consumers as well?

Mr. MYERS. That is correct, and that still continues to be the fact, Senator.

Senator DOUGLAS. Well, it continues in the law.

Mr. MYERS. It continues in the law.

Senator DOUGLAS. Now, let me ask you, do you think it continues in the observance? Notice what happens: The price of sugar is increased by the amount of the difference between the price which United States pays domestically and the free world price. This results in, as you say, to about 2.3 cents per pound; it is increased by the amount of the tariff, which amounts to about half a cent a pound; it is increased by the amount of the excise or processing tax, which amounts to half a cent a pound, and then the producers, as the Senator from Arkansas brought out, get production payments amounting to about \$75 million a year which, I suppose, can be said comes from the excise tax on the tariffs.

But if my figures are correct, consumers are paying about \$660 million a year more than they would in a competitive situation, or 3.2 cents a pound.

Now, if we did not have this situation, housewives would only have to pay a little less than 9 cents when they went to the market, 45 cents instead of 60 cents for a 5-pound bag.

The soft drink manufacturers, the cheap candy manufacturers, and the rest, would pay only 6 cents instead of 9.2 cents a pound. So that we have to consider not only the housewife but the industrial users of sugar as well.

How does the consumer receive protection and how is the consumer protected in any fashion under this bill as it works out in practice? As a matter of fact, is he not compelled to pay through the nose for at least three, and possibly all four, of these measures, namely the quota premium, the tariff, the excise tax and, possibly, producer payments, in addition?

Mr. MYERS. Well, Senator, of course, there are two factors. The world price has gone down. Our domestic price has been relatively stable. It has gone up slightly not steeply.

In the Sugar Act, section 201, in case you would like a reference, in there are set forth the conditions for determining supplies for the United States, and that provision states, in part, as follows:

The Secretary of Agriculture—
in making these determinations—

shall take into consideration the relationship between the prices at wholesale for refined sugar that would result from such determination, and the general cost of living in the United States as compared with the relationship between prices at wholesale for refined sugar and the general cost of living in the United States obtaining during 1947-49 as indicated by the Consumer's Price Index.

That originally said instead of 1947-49, it said, "During the period of price control in 1947."

We never achieved that high a level of prices, and so in the amendments finally enacted in 1956, this language was written into the bill, 1947-49 as a base. In order to drop that index of requirement to about half the distance between what it previously had been and what we had achieved, and I might say that today, if memory serves me correctly, and I hope I will be permitted to correct the record if my memory is wrong, I think it would require a wholesale price of 10.2 cents a pound instead of 9.35 New York basis that we have today.

Senator DOUGLAS. Well, Mr. Chairman, all I wanted to bring out with my questioning was first, the fact that the consumers, both individual and industrial, pay through the nose for the Sugar Act, and I think their interests should be taken into account.

But I do not think I got an answer to my question as to what would happen if the premium on the redistributed Cuban quota went into the Treasury instead of to the foreign or domestic producers now getting or who would get the 2.3 cents a pound.

This comes to around \$46 a ton and, on the 3 million tons of Cuban quota of \$120 million a year.

Now, I personally would like to see that reflected in a lower price to consumers. But this issue is so complicated that it would be hard to do, but could not the consumers, as taxpayers be helped by having this revenue of \$120 million or more go to them rather than to the people who will be called in to fill the former Cuban quota and who will build up vested interests which will make it very difficult for us to get a friendly Cuban Government in the future?

I would like to get an answer on that.

Mr. MARTIN. Might I make a comment on that?

Senator ANDERSON. I have to be on the floor this afternoon, Mr. Martin, and I am afraid I may miss some of the discussion. Before I left I wanted to make it abundantly clear for the record that I supported the resolution before us 2 months ago to try to free the hands of the then President of the United States.

I do not conceive it to be any of my job to conduct foreign relations. That is his job, and I feel the same way now.

I am not questioning the authority of the President to deal with these matters in any way that he deems proper. The only thing I do not want to do is to freeze this quota again and freeze out American producers who may want to produce sugar and who may, in the long

run, be more valuable to us than some of the things we are building up that could cause us trouble if at a later date we wanted to be friendly with Cuba again. I did hope it might be clear to you.

Mr. MARTIN. Thank you very much, Senator.

I would like to make two or three points, Mr. Chairman.

Senator DOUGLAS. Do you have the question in mind?

Mr. MARTIN. Yes, sir, very definitely.

I think one of the problems, one of the major sources of free market sugar at the present time is the Cuban sugar we are not buying and it would be hard to make clear that we were not again buying Cuban sugar if we went on the world market.

More serious, however, is the fact that we have tried to establish the position that our refusal to buy sugar from Cuba was taken for good and sufficient political reasons and not in any petty spirit of economic or other retaliation.

If we were to secure a financial advantage out of refusing to buy Cuban sugar by enacting the provision you have suggested, I think it would rather tarnish the attitude that other countries have with respect to this action, which has not always been fully understood in Latin America; and, lastly, it would seem to me that it might well accomplish just the thing you are concerned about, namely, discouraging the Cuban people about the possibility that they will again be restored to a favored position in the U.S. sugar market for the kind of reason that Mr. Myers was suggesting.

If we are able to save \$120 million by not buying Cuban sugar, but buying in the world market, why should we ever want to buy Cuban sugar again?

Senator DOUGLAS. We have been buying Cuban sugar for almost 30 years at a premium. I mean, I have always felt we should have stressed this argument much more in our dealings with the Cuban people. Granted that a large portion of the consumption was intercepted by American companies, but still a portion trickled down to the Cuban people who probably, over the course of time had been given \$2 or \$3 million in excess of the world price.

But does this give them a vested interest to have this forever? Or we might even go back to it after there is a hiatus. Why could we not simply say to the foreign countries, "You are proposing that we buy more sugar from you. We will buy this sugar from you but we will buy it at the world price, which otherwise would be all that you would get if you did sell in the world market."

We would be doing them a favor in purchasing additional quantities from them, and we could even earmark that \$120 million for foreign aid to Latin America to help pay for the new program there, and in this way we would distribute the money where it was needed and not merely to the countries which grew sugar which, perhaps, do not need it.

I would be willing to say that \$120 million could be put in an impressed fund to help finance foreign aid for Latin America, and then it will go where it is needed.

Mr. MARTIN. I would just like to suggest that while there is undoubtedly great logic to what you have said I think it would be very difficult for us to get through to the Cuban people against the counter speeches by people down there who are so able at making speeches, that

this change in past policy did not mean a permanent change in any way in our attitude toward them and our desire to support the people, and get them back into a position to control their own destinies.

But I think this is a very difficult thing to explain to a people who are in a highly emotional state at the present time.

Senator DOUGLAS. Must we lose \$120 million or more because of the irrationality of other folks? I am inclined to believe if this policy goes through we will be as irrational as they are.

Mr. MARTIN. I am not sure that we lose it, Senator. It seems to me a very high percentage of it goes to countries that would otherwise be in a position where we would be giving more foreign aid to them, and the more we can have their financial resources come through trade channels rather than aid channels, this has its advantages.

Senator DOUGLAS. This—it is accidental that the sugar countries——

Mr. MARTIN. It happens to be at the present time.

Senator DOUGLAS (continuing). Are also foreign-aid countries, and also some countries that are not sugar countries need foreign aid. Coffee countries are in trouble; the tin countries may be in trouble; not the oil countries, but the tin countries.

Mr. MARTIN. I am not suggesting this is a general panacea for our problems in foreign aid, but it just happens we have had this, and it is disruptive to change it.

If the countries that were receiving a benefit were not aid countries our position would be quite different.

Senator DOUGLAS. If you will forgive me saying so, I do not think you are sufficiently athletic in the position you have taken on these issues in Latin America. Is it not true that Russia is paying 2.6 cents for the Cuban sugar?

Mr. MARTIN. I think this is about right. Do you have a figure on that?

Mr. MYERS. I think they pay something like 2.8 for what they have bought last year. They claim they are paying 4 cents now, but it is pure hogwash. They are paying——

Senator DOUGLAS. Eliminating the Russian hogwash how much is it?

Mr. MYERS. They pay 80 percent in trade goods and only 20 percent in money. Therefore, any price that they pay is largely fictitious.

Mr. MARTIN. This is the main point.

Senator DOUGLAS. If we pay 3.2 cents we would be paying probably more than the Russians are paying. Don't you think that our State Department is sufficiently able to show that the Latin Americans are getting more even now than they would if they sold to Russia and, besides, Russia cannot buy any more and probably cannot consume what she is using.

Mr. MARTIN. I would suggest, if I might, as Mr. Myers is pointing out, that the Russians are paying primarily in goods, and it is very difficult to pinpoint for the people what the difference is between goods and sugar.

I may say also, however, that the fact that the price does compute out less than the world price has not helped the Soviets at all in Latin American; and it has not helped them. This has been a propaganda point I wish we would be able to make something of.

Senator DOUGLAS. Let us make some more out of it. We will be paying 3.2.

Mr. Chairman, I think I have taken up enough time. We have discovered \$120 million or more which the American taxpayers are paying, and if these gentlemen are strong for the program of foreign aid to Latin America, as I personally have been, I would be willing to provide for the \$120 million or more to be impounded and used for aid needed in Latin America.

We are probably going to aid Latin America anyway, so this will diminish the burden upon the budget.

Mr. MARTIN. I would just like to say again that most of these Latin American countries, despite some people's belief, do prefer to earn their money through trade if they possibly can, and it is more self-respecting, and one of our real problems there is finding the local currency resources to conduct aid programs that we think are desirable.

We wish, as the Congress and you gentlemen do, I believe, to use our aid primarily for foreign-aid expenditures that are necessary, and if we deprived them of this income it would just mean we would have to have more flexible authority to cover local currency than we now have and is, on the whole, a good thing, perhaps.

Senator FULBRIGHT. The present arrangement gives them a vested interest which they would not want to see changed to their great disadvantage.

Senator DOUGLAS. I think these countries ought to be very grateful to us that we are not buying on the world market now.

If we were buying in the world market this other million and a half tons would be purchased at 3.2 cents, and we would effect a further saving of around \$30 million.

Senator BENNETT. Mr. Chairman?

The CHAIRMAN. Senator Bennett.

Senator BENNETT. It is half past 12. I have a few questions I would like to ask. I will not take too long.

Is it your thought that we will keep going for a while or should we recess and come back at a later time?

The CHAIRMAN. I think we will have to go for a little while, and then we will have another session this afternoon. We will go, perhaps, to 1 o'clock, and then we will recess until 2:30.

Senator BENNETT. I have listened to this discussion with a great deal of interest. My father used to say that a butcher that has no sausage can offer to sell it for a penny a pound.

Now, here we have a world market, so-called, on which the American economy has not drawn directly.

Temporarily in that world market we have a surplus.

How long do you think the price would stay at around 3 cents a pound if American refiners of cane sugar were dependent on that world market as individual purchasers rather than as purchasers who would draw against a fixed quota? How long do you think we would have an assured supply of sugar, off-shore sugar, at the current price if we were dealing in a world market?

Mr. MYERS. Well, Senator, I think it would depend upon how much sugar we had to import.

Obviously, if we were to destroy our domestic industry at once and go onto the world market we could cause, well, a disaster in the world prices by higher prices.

Once the price starts up there is a cumulative effect to that, as you know, until the bubble bursts.

As I pointed out to Senator Anderson some time ago we were very fortunate that at the time when we cut off the Cuban supplies there was a good supply of other sugar in the world market, and certainly we would not want to cut off our own domestic supplies and go out into the world market for some additional 5½ million tons of sugar. You just cannot do that sort of thing.

Now, what would happen if you took 10 or 20 years I do not know. Certainly if you did it quickly and obviously if we destroyed the sugar program, our domestic sugar industry or a large segment of it would go down the drain very quickly.

Senator BENNETT. Let us look at the immediate situation. These countries abroad and, particularly Cuba before Castro, had an assured market in the United States for sugar at around 5 cents a pounds.

Could they not, therefore, average their price out and afford to sell it at the "world market" or at or below cost, knowing that they had an average income which was assured by the substantial percentage that came into the United States?

Mr. MYERS. And, of course, just as that was done in the case of Cuba and in the case of the other world exporters who had to sell on the world market. That, of course, would not be true for some of the world exporters which had little or no quotas in the United States, they had to take a world market price for all of their product.

Senator BENNETT. Have you got any idea about the approximate cost of sugar that is sold in the world market? Is this a profitable enterprise if you only sell in the world market?

Mr. MYERS. Senator, there is a good deal of talk about costs of production throughout the world, and you can ask half of this audience here and they will cite you 4 cents or some other figure.

Let me say, to the best of my knowledge and belief, there is no single figure. Everybody's costs are different from everybody else's and they vary up and down.

Senator BENNETT. But is it not generally assumed that the so-called world market is a distress market?

Mr. MYERS. That is absolutely so, and it represents about 12 percent of the world sugar supply; it is a dumping ground when there is a surplus; and it is a hunting ground when there is a shortage. That is why you can go from a very low price to a very high price just the moment there is some slight increase in the world demand.

Senator BENNETT. I have been told that you should never ask a question unless you know the answer in advance, and I do not know the answer to this one.

Are there other countries that buy sugar out of the Carribean and other obvious sugar-producing areas at prices above the world market? Does Great Britain allow its colonial producers prices better than the world market?

Mr. MYERS. Yes, definitely. Britain has a Commonwealth sugar program under which it pays premium prices to Commonwealth producers and that, of course, would include producers in the British West Indies.

I am told, as a matter of fact, by the British that our U.S. Sugar Act has been the model for some of their Commonwealth programs.

Senator BENNETT. There are other countries abroad that are in the same fix we are in. They produce part of their sugar, usually with beets, and then they purchase raw sugar, to make up the difference they need from roughly the same sources where we buy.

Do they buy at the distress price to keep their programs going or do they but at the "world market"?

Mr. MYERS. Well, they vary. It is customary for them to buy at premium prices from their colonial producers.

The French West Indies producers, I think, get a premium above the world market. The others will buy part of their requirements; and France is in this group of countries which will buy part of their requirements at the world price, and then average them into the domestic support prices when they sell to the consumer.

Senator BENNETT. Then the American program which has been paying premium prices to the sugar producers in the Caribbean is not completely unique?

Mr. MYERS. Not completely unique, no.

Senator BENNETT. Earlier Senator Douglas was questioning you about the high prices the American consumers were paying for sugar.

Do you have and could you put in to the record a comparison of retail sugar prices the American housewife pays as compared to prices paid by consumers in foreign countries.

Do you have and could you put into the record a comparative scale of prices showing the rate at which sugar prices have increased as compared with other supported crops in the United States?

Mr. MYERS. Yes, sir.

Senator BENNETT. And would you please put in as a kind of scale of comparison showing the rate of increase in the consumers' price index?

Mr. MYERS. I shall be glad to do that, both of them.

Senator BENNETT. I have the impression when you see that kind of a scale, you will find that the prices on sugar have gone up at a slower rate than the prices on the other supported and even the unsupported food products we produce in the United States.

Mr. MYERS. As I pointed out to Senator Douglas, when the Sugar Act in 1948 was written, the comparison with the consumers' price index was to be 1947. We never anywhere near achieved that.

In 1955-56, in the amendments of that year, that was scaled down to make the base period of the average of 1947 to 1949, and we are somewhat below that.

(The information referred to follows:)

Sugar: Retail prices Jan. 1, 1960, and per capita consumption, 1959: selected countries

IMPORTING COUNTRIES

	Price ¹	Con- sump- tion ²		Price ¹	Con- sump- tion ²
Singapore.....	5.4		France (metropolitan).....	11.5	73.0
Aden.....	5.6	32.3	Iceland.....	11.5	129.4
Jordan.....	6.0	³ 51.0	United States.....	11.6	⁴ 104.0
Colombia.....	6.3	³ 42.0	Netherlands.....	11.9	³ 100.7
Nigeria.....	6.9	4.3	Iran.....	12.1	35.5
Sudan.....	7.2	26.3	Venezuela.....	12.4	71.6
Bolivia.....	7.6	44.0	Argentina.....	12.7	81.3
Malaya.....	7.6	⁴ 70.8	Sweden.....	12.7	101.4
Iraq.....	8.1	63.2	Ceylon.....	13.1	42.4
Norway.....	8.6	98.6	Cambodia.....	13.4	
Ireland.....	8.7	³ 110.0	Germany, West.....	13.5	³ 70.0
Switzerland.....	9.1	105.9	United Arab Republic (Egyptian region).....	15.7	29.0
New Zealand.....	9.3	98.2	Pakistan.....	16.1	5.3
United Kingdom.....	9.3	127.7	Thailand.....	16.1	9.0
Morocco.....	9.4	69.5	Finland.....	16.5	95.7
Canada.....	9.5	103.0	Israel.....	16.6	³ 75.0
Spain.....	10.3	34.3	Greece.....	16.7	³ 28.0
Portugal.....	10.4	35.1	Italy.....	17.6	43.7
Ghana.....	10.5	22.8	Japan.....	17.9	31.4
United Arab Republic (Syrian region).....	10.5	29.8	Vietnam.....	22.0	⁶ 4.2
Austria.....	10.8	³ 86.0	Yugoslavia.....	25.7	36.0
Ethiopia.....	11.0	4.5	Korea, South.....	31.7	5.6

EXPORTING COUNTRIES

Peru.....	3.6	³ 56.0	China (Taiwan).....	9.6	³ 26.0
Brazil.....	4.4	³ 83.0	Costa Rica.....	9.6	71.0
Panama.....	4.7	43.2	El Salvador.....	9.8	39.2
Cuba.....	5.5	110.0	India.....	10.1	14.6
Mexico.....	5.6	70.3	Surinam.....	11.5	³ 54.7
Union of South Africa.....	5.8	103.7	Dominican Republic.....	11.9	62.7
Indonesia.....	5.9	18.1	Belgium.....	13.7	70.3
Haiti.....	7.5	22.9	Turkey.....	16.4	³ 30.0
Denmark.....	7.9	125.5	Germany, East.....	19.4	³ 70.0
Guatemala.....	8.0	38.2	Hungary.....	19.9	61.4
Philippines.....	9.3	³ 28.7	Poland.....	22.7	69.7
Australia.....	9.3	124.3			

¹ U.S. cents per pound, from "Sugar Yearbook, 1959;" International Sugar Council.

² Pounds per capita raw sugar basis. Unless otherwise indicated, derived from International Sugar Council data for consumption, and United Nations data for population.

³ Foreign Agricultural Service data used. Calendar year per capita consumption otherwise indicated would be out of line with trend.

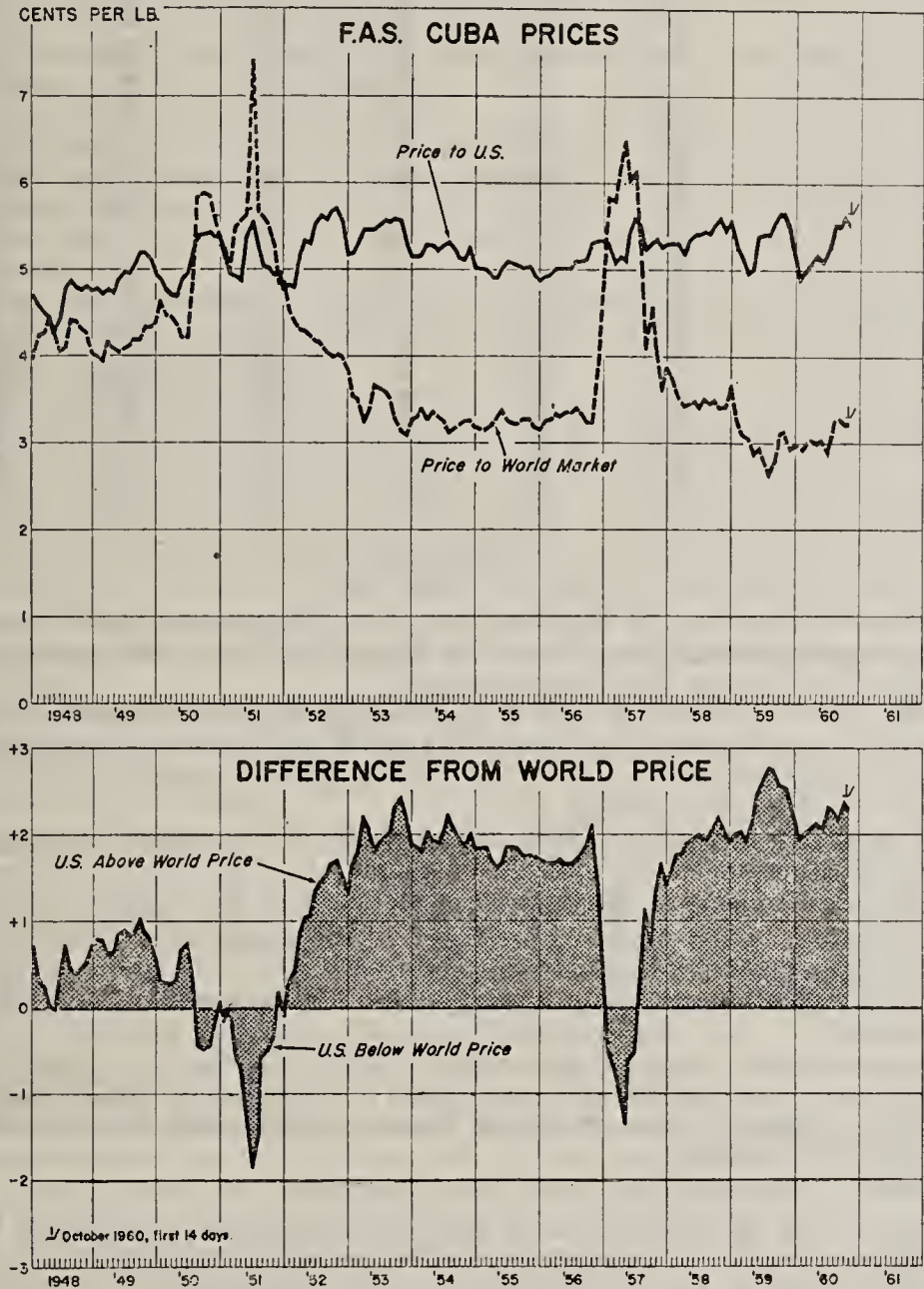
⁴ Includes Singapore.

⁵ USDA estimates used.

⁶ Includes Cambodia, Laos, Vietnam.

RAW SUGAR QUOTA PREMIUMS AND DISCOUNTS

Monthly Comparisons, F.A.S. Cuba Prices of Raw Sugar for
Shipment to U.S. and World Markets



Movement of prices of sugar and and sugar crops in relation to other prices

[1933=100]

Year	Consumers price index	All foods at wholesale	Refined sugar at New York, wholesale	All farm crops ¹	Sugar beets	Sugarcane
1933.....	100	100	100	100	100	100
1934.....	104	117	102	138	142	152
1935.....	107	139	113	145	130	121
1936.....	107	136	109	152	112	117
1937.....	111	142	109	166	132	119
1938.....	109	122	104	110	120	114
1939.....	107	117	105	114	125	119
1940.....	109	119	100	124	128	119
1941.....	127	139	115	152	152	155
1942.....	135	167	125	203	170	176
1943.....	136	178	127	262	210	181
1944.....	140	175	127	279	245	193
1945.....	151	178	125	283	235	214
1946.....	173	219	147	317	250	245
1947.....	187	272	187	366	265	264
1948.....	185	294	176	355	240	217
1949.....	187	267	182	314	245	233
1950.....	185	272	182	324	252	286
1951.....	202	306	191	369	260	233
1952.....	207	303	196	372	265	255
1953.....	207	289	198	334	258	267
1954.....	209	289	198	338	242	257
1955.....	207	281	195	321	250	240
1956.....	211	281	200	324	262	293
1957.....	218	289	207	314	250	255
1958.....	224	306	211	310	260	274
1959.....	227	289	213	307	250	262
1960.....	229	294	215	307	260	267

¹ About 70 percent of which are subject to some forms of price support.

Senator BENNETT. If that had not been changed in 1955-56, how much approximately would you be further below, if we were still trying to match the 1947 control prices?

Mr. MYERS. Senator, I hope I may be permitted to correct the record, but my offhand guess would be that it was close to 11 cents per pound wholesale, compared with 9.35 at the present time.

Senator BENNETT. Thank you.

I would like to ask a couple of questions of your friend from the State Department.

Senator FULBRIGHT. Will the Senator yield on that last point? I wanted to clear up something on page 6 of this study.

Senator BENNETT. Yes.

Senator FULBRIGHT. In this study which is before me, I find this statement:

The retail price of sugar since 1947-49 has been free of sharp movement. It has risen somewhat more than retail prices of food generally mostly because prices to growers of sugar crops have been better maintained than prices of most other farm products.

Down at the end of that paragraph it says:

Thus we find in the recent period while raw sugar prices have returned toward the level of a year ago, the price of refined sugar at retail has not.

That would indicate that sugar has been maintained at a higher price than other agricultural commodities.

Senator BENNETT. Of course, I have been in the Senate long enough to know that is the numbers game. It depends on which base date you take.

I would like to take 1934, the date of the Sugar Act, and let us look at the whole range, the effect of the Sugar Act as a whole on this program.

I think we will find that sugar prices have risen much less than the prices of most other agricultural commodities.

Mr. MYERS. Senator, two points are involved:

No. 1 is the base period, as you so properly point out.

That other is the index that you use.

The comparisons, Senator Fulbright, that you were reading are between sugar and other foods.

Senator FULBRIGHT. Yes.

Mr. MYERS. The Consumer Price Index uses foods, I believe, as one of its components, and it has a number of other things, including personal services.

So that you get different comparisons depending upon which index is used—

Senator FULBRIGHT. Relative to other foods, is what I thought you were discussing, and in that case sugar has, according to this, been higher, maintained higher.

Mr. MYERS. The Sugar Act to which I have referred in my discussion with Senator Douglas requires us to consider the Consumer Price Index, which is a somewhat different type of animal.

Senator BENNETT. Well, in my request I asked that both of them be put down, the Consumer Price Index and the change in other foods so we can see how the two parallel.

Mr. MYERS. Did you mean, Senator Bennett, other foods at wholesale or other farm crops?

Senator BENNETT. Well, I think it would be interesting to see both of them.

Mr. MYERS. Fine. Thank you.

Senator BENNETT. Mr. Martin, can you come back to the wire again for a minute?

Mr. MARTIN. Yes, sir.

Senator BENNETT. In the questioning by Senator Douglas, much was made of the fact that we ought to be in a position to give Cuba back its quota as an incentive for these rebels to overthrow Castro.

Maybe Mr. Mann might want to comment, rather than you, on this question. One of the things that Castro claimed he was going to try to do for the Cuban people was to get them off the one-crop economy and to try to get their agriculture on a broader basis.

Would you think this would be the kind of thing we would want to encourage?

Mr. MANN. Senator Bennett, I would think we would want to encourage this, but at the same time, I think we have to realize that this is a long-term process.

The reality of the situation is that if there should be a free Cuba again, they will be heavily dependent upon sales of their sugar, which is their principal export to the world market, and particularly to this market, and I think most of us believe that we have to bear this very much in mind and avoid freezing the sugar pattern in the meantime.

Senator BENNETT. I agree with that. But I am wondering if we have to concern ourselves with being in a position to give Cuba back 3¼ million tons.

Mr. MANN. Well, this is something that we have thought about a great deal, but I do not believe we have reached any conclusion.

I think it is hard to do that in advance of knowing the time span we are talking about and what the consequence will be at that particular time.

Mr. MARTIN. I might like to say, Senator, if I said at some point or you got the impression that I was referring to restoring to Cuba its quota, I did not intend to be that precise.

Senator BENNETT. No.

Mr. MARTIN. The implication of what I would say is that Cuba must again become a major source of supply from the United States, and I would not think we could go beyond that at this time, for the reasons Mr. Mann has stated.

Senator BENNETT. You and I would agree with that. But I got the inference from the questioning that Senator Douglas felt that this should be preserved, that you should reach out and take all the sugar away that might be labeled reallocated Cuban quota, and return it to Cuba.

I also have the impression there has been rather serious damage to the crop and to the capacity for the production of sugar in Cuba, as a result of the revolution down there.

I am not sure Cuba could take back the responsibility of assuring us 3 million or 3¼ million tons a year, at least not to start with.

When I came this morning I had just one question for you, and I am saving that for the last one. You have answered it pretty well during your colloquies with my colleagues from the other side of the aisle.

But I want to nail it down:

The State Department has no objection to the earliest possible consideration of permanent legislation?

Mr. MARTIN. That is correct, sir.

Senator BENNETT. Is that correct?

Mr. MARTIN. That is correct.

Senator BENNETT. You are willing to participate in the development of that legislation, insofar as your interests are concerned?

Mr. MARTIN. Yes, sir.

Senator BENNETT. I assume, from my experience with the State Department in the previous administration, that you are willing to leave to this committee largely, almost entirely, the problem of allocating the domestic share among the domestic producers? You have no direct involvement in that?

Mr. MARTIN. I think we have enough else on our platter not to get involved in that.

Senator BENNETT. If the Senator from Utah could write the Sugar Act to please himself, he would give the State Department the sole responsibility of allocating the offshore sugar, and saving this committee from the pressure it always gets from the highly paid lobbyists who come here representing these foreign countries?

Mr. MARTIN. I do not blame you at all, sir.

Senator BENNETT. I will not ask you whether you would like to have us solve it in that way, Mr. Chairman.

Senator CURTIS. Following Senator Bennett's question that you would have no concern about determining how we would divide the domestic quota, do you consider and concede that it is the Congress that should decide what proportion of our total sugar consumption should be domestic and what portion should be foreign?

Mr. MARTIN. Well, I am sure it is the Congress that decides it, but I think we would like to be in a position to express the views in the matter.

Senator CURTIS. Now, are these countries that we are buying sugar from temporarily, are they being directly notified or warned that they are not being given anything they should rely on in the future?

Mr. MARTIN. Both the State Department and the Department of Agriculture are besieged regularly by these people, and none have ever come into my office in which I have not made the statement. We have notified our missions about it, we have notified some of them by formal notes to this effect, but there has been a consistent line that we must assume that we will at some future date again wish to buy a major portion of our supply from Cuba and, "therefore, you should not spend a penny of capital to expand your capacity."

My impression is, on the whole, there has been very little spent to expand acreage.

Senator CURTIS. Are you also advising them that there are interests in the United States that would like to produce more sugar?

Mr. MARTIN. I have not so advised them in any conversations. I doubt if there are any embassies here who are not aware of this fact.

Senator CURTIS. But if it is a fact, in fairness and in order to keep their friendship and to prevent misunderstandings, they should be so advised, should they not?

Mr. MARTIN. I think it is a reasonable statement to make, sir.

Senator CURTIS. Yes.

There is also the danger though, if a temporary arrangement goes too long that there is a feeling, an automatic feeling, that they have a vested interest; isn't that right?

Mr. MARTIN. I think that is a problem. I think we have been lucky so far in the sense that there have been bumper crops during this period of existing acreage so there has been little justification for anybody to invest in expanded output. They have had trouble enough selling what they have been able to produce with existing conditions.

This has resulted in some lowering of the world prices, which is also a break, so thus far I think we have gotten through pretty well without any more anticipations than there have always been of a desire to get into the U.S. market.

Senator CURTIS. I would suggest to the State Department that any failure to advise foreign countries that there is not an earnest and widespread and sincere demand for more sugar production in the United States would be to overlook a basic fact that exists.

In reference to this automatic claiming of a vested right by reason of a temporary situation going on for several years, you alluded to that in your New York speech, did you not, Mr. Myers?

Mr. MYERS. Yes, Senator; I did.

Senator CURTIS. And when you said :

The fact remains, however, that when price premiums amount to as much as \$150 million a year, vested interests are claimed automatically. All the arguments in the book will be put forth by producers desiring to sell at such premium prices. Regardless of the wishes of either Congress or of the administrative agencies, the vested interest arguments of new suppliers will become stronger as the period of time they supply our market increases.

Mr. MYERS. That is correct.

Senator CURTIS. And you were speaking of the foreign suppliers?

Mr. MYERS. That is correct.

Senator CURTIS. Now, I do not want to drag along in something too academic, but coming back to what is a world price, I believe I understood you to say to Senator Bennett that only about 12 percent of the sugar moved in the world price.

Mr. MYERS. That is correct.

Senator CURTIS. So, in other words, 88 percent of the sugar moves in a sugar program of some sort or another?

Mr. MYERS. Under some form of protection.

Senator CURTIS. Yes.

Now, does that follow that the consumers of the 88 percent of that sugar obtained more than they should pay?

Mr. MYERS. No; I do not personally attach morals to prices. It is two different categories.

They are paid above the world price. I do not know what the world price would be if we did away with all forms of protection. We would obviously shift production about tremendously in the world.

Senator CURTIS. What is a subsidized price? First let me ask you this: In general, do the consumers of sugar and, of course, in proportion to the amount of sugar they use, pay the cost of our sugar program and the cost of the sugar, with all the related costs in connection therewith?

Mr. MYERS. I think that inevitably is so; yes.

Senator CURTIS. Now, we get into a question of definition and semantics, do we not, when we talk about a subsidized price?

Mr. MYERS. Absolutely, and there will be as many definitions as you will have people defining the term.

Senator CURTIS. Yes. If we take a definition of a subsidized price, if it really costs a dollar and a half an article, and the Treasury pays 50 cents of it and sells it to the consumer for \$1, that would be very clearly a subsidized price, would it not?

Mr. MYERS. Yes; I think every dictionary would agree that would be a subsidy.

Senator CURTIS. But definitely the operation of the Sugar Act is not that kind of subsidy, is it?

Mr. MYERS. No. There is a question, of course, when you get into the Sugar Act payments whether they would be defined as a subsidy under all definitions of the terms.

Frankly, I think this whole discussion of the semantics of subsidy a rather futile one because I see no difference in one technique versus another.

Why is it any different, you have a protective tariff that gives you a half percent than to have a tax and a payment that gives you a half cent? It is both a half cent. I do not see any difference.

Senator CURTIS. I understand that. But the point I am getting at is that the general Federal Treasury is not paying any part of the sugar that the housewife buys or the sugar that the manufacturer buys; isn't that correct?

Mr. MYERS. They are not getting into the problem today whereas we did during the war, and as many foreign countries do, of buying the sugar and selling it to their consumers, either at a higher price or at a lower price; that is correct.

Senator CURTIS. Yes; and in the main, has the Sugar Act been self-sustaining so far as general revenues of the Treasury are concerned?

Mr. MYERS. It has been decidedly better than self-sustaining.

Senator CURTIS. What do you mean by that?

Mr. MYERS. The tax, the processing tax, which the Sugar Act establishes is for one-half cent per pound or 10 cents per ton on the total quantities that we consume in this country, which is roughly \$90 million a year and Sugar Act payments amount to something in the neighborhood of \$70 million a year, so there is a gain there in the Treasury of about \$20 million a year.

Senator CURTIS. It has been through the years——

Mr. MYERS. It has been through the years from \$15 million to \$20 million a year.

Senator CURTIS. Yes. So laying aside what has been accomplished or has not been accomplished insofar as order within the sugar industry is concerned, the fact remains that our General Treasury is about \$20 million better off by reason of the act.

Mr. MYERS. Each year.

Senator CURTIS. Each year?

Mr. MYERS. Correct.

Senator CURTIS. And there are many things that governments do which are designed to raise prices to a fair level for producers or to raise wages to a fair level for workers that are not in the category of subsidies when we use the definition of paying part of the price out of the General Treasury; isn't that true?

Mr. MYERS. There are a great many that have subsidies, that is correct; yes.

Senator CURTIS. Yes. In other words, this is an act that has the same objective of all farm legislation, is it not?

Mr. MYERS. Yes, indeed.

Senator CURTIS. To raise to a fair price, and I do not think I will take any further time on that question of subsidies because, as we say, we can go on and get as many definitions as the English language could put together. But I am pleased at your statement to make it clear because there is a great misunderstanding in the country on the question.

I think the people who buy and use sugar should be the ones who pay for the sugar, and that is what happens in this program, is it not?

Mr. MYERS. That is correct.

Senator CURTIS. Yes.

You share the view that the sooner a long-range program can be worked out, the better it would be for everyone?

Mr. MYERS. Oh, yes, Senator, by all means; and if the Congress at this session could get one worked out, it would be a great thing for

the sugar industry of this country and foreign countries, as well, and to make it effective by January 1, 1962.

I do call your attention to the fact that the House started its hearings and action on the sugar program in 1955. It was not possible to get it through the Senate that year, but it had to drag over and got through the Senate the following year, and when was it that we finally got it signed into law?

Senator BENNETT. It was about this same time, April or May.

Mr. MYERS. It seems to me as though it were late May of 1956. I cannot put my fingers on it at the moment.

So I think that it is that time schedule, and let me say, that the problem that confronted the Congress in 1955 was child's play compared with the problem that I think is going to confront you this year.

Senator CURTIS. I think that is true.

Now, as head of the Sugar Division of the Department of Agriculture, you received communications and requests from citizens of the United States asking for a sugar quota or an increased sugar quota?

Mr. MYERS. Senator, if I may be a little bit facetious in answering, asking is an understatement. They demand it.

Senator CURTIS. Well, it is quite widespread.

Mr. MYERS. Yes; it is. It is especially widespread in the beet areas with a number of focal points of special demand.

I would call your attention to the Red River Valley, to the Pacific Northwest, the great Columbia Basin, portions of California, and the Southwestern States, from Arizona, New Mexico, Texas, Oklahoma, and southwestern Kansas.

I think those are the areas of greatest demand.

I know in the beet area that your State wants more acreage, too.

Then we have something growing up, and I was terribly concerned about Senator Anderson's discussion because I think he may not have been aware of the expansion that is going on in Senator Holland's State of Florida.

It is, I think, a situation where there are four mills being in some stages of construction down there at the present time, Senator Holland.

I only hope that they will be put up efficiently and effectively because when you get an expansion of that sort almost overnight it is more or less sheer accident if everything works out well.

Most of our sugar industry that is efficient and earning high profits today in the domestic areas have taken years in the developmental process.

Senator CURTIS. I am very pleased that we have two eminent gentlemen from the State Department here to hear your recitation of not only the requests but the demand in the United States for a right to produce more of the sugar that our people use and, as I said a bit ago, I think it would be an act lacking in friendship if all the foreign countries were not told of that.

As a matter of fact, Mr. Myers, if we say to all the rest of the American economy, "You are not only permitted to grow, you are urged to grow, we are going to give you Government incentives to grow," and then pick out one little corner of our economy and make it impossible for them to grow, the chances are that its efficiency will be cut down, too, will it not? There is an element of stagnation when there is no chance to grow; isn't that right?

Mr. MYERS. Well, there could be; very fortunately, I must say, the indications of stagnation, fortunately, have not been very apparent in our domestic sugar industry.

Senator CURTIS. I have been very much aware of that.

Mr. MYERS. That is something we should be very proud of. I think that question is a rather large one because historically we have been importers of sugar. Now we have worked up a sugar program under which we give our domestic growers a respectable price.

Originally there was an expectation that that would be a fair price for a limited quantity. Now it becomes a matter of judgement completely within the province of you gentlemen in the Congress as to what share we should grow of our sugar domestically and what proportion we should import.

Senator CURTIS. You would agree that an increase in a domestic quota or anybody's quota should extend over a reasonable period of years, in order for an orderly operation, both from the standpoint of the farmers as well as from the processors; do you not?

Mr. MYERS. I think it is absolutely essential, Senator, and when you think that a modern sugar beet factory costs around \$15 million or more for the factory alone, plus all of the investment that the farmers have to make in their production, you see that there must be long-range planning, and it must be a long-range program.

Senator CURTIS. I just have one more question. Referring back to this demand of farmers and their representatives, I want to say to you, there is a great deal that you do not get because——

Mr. MYERS. That is true.

Senator CURTIS (continuing). Many Congressmen and Senators are aware that you are working under a basic law that Congress has to change, and you have no discretionary power to increase that, and so you are getting a tiny portion of the demand for new production.

How would you compare it to previous years? Has it increased?

Mr. MYERS. Yes, it has strongly increased; greatly increased in the past 2 or 3 years.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. We are honored today to have with us Senator Holland, who will make a statement.

I first want to thank the previous witnesses for giving very enlightening statements.

Mr. MYERS. Thank you, Mr. Chairman. It is always a pleasure to be here.

The CHAIRMAN. Senator Holland.

STATEMENT OF HON. SPESSARD L. HOLLAND, U.S. SENATOR FROM THE STATE OF FLORIDA

Senator HOLLAND. Mr. Chairman and members of the committee, it will only take me a few minutes.

First I want to say, for myself and my State and, particularly, for the sugar industry of Florida, we support the statement already made by my esteemed colleague, the Senior Senator from Louisiana, Mr. Ellender.

To elaborate upon that only briefly, we think that a fixed extension that can be agreed upon by the two houses between now and the closing moments of this month is an absolute necessity.

It seems to us that the best way to have such an agreement is for the Senate to concur with the House bill as to the 21-month extension already incorporated in that bill.

To elaborate just briefly upon what has just been stated by Mr. Myers, our State is feeling acute growing pains in this industry. Our largest factory is putting in a large new plant which I understand may cost \$20 million.

There have been three smaller plants purchased, I believe in Louisiana, and transported to Florida, or in the course of being reconstructed there.

There is great demand for the ability to produce by individuals who have heretofore been largely in the production of vegetables, sweet corn, cattle, and the like. They have formed one or more co-operatives for that purpose.

There is a substantial immigration to us of sugar people who formerly produced in Puerto Rico, who wish to transfer their operations to our State.

There are several groups of Cubans in sizable numbers who are practiced in the production of sugar, who are trying to get into our production because they are new refugees from their own country. The pressure is very good for additional productive potentiality. However, I do not wish to present that at this time in this hearing, and I hope the committee in its wisdom will not consider any such request from any source.

I simply wanted to briefly mention that subject because I would certainly be remiss if any such consideration as that should come into any domestic area without our being heard and without our being considered at that time.

Mr. Chairman, I appreciate the expedition which you have given to this hearing.

The CHAIRMAN. Thank you very much.

Senator HOLLAND. I am ready to support you when you get to the floor, as I did in the Cuban matters and other matters relating to this bill.

Thank you.

The CHAIRMAN. Thank you, Senator Holland.

The committee will recess until 2:30.

(Whereupon, at 1:05 p.m., the committee recessed, to reconvene at 2:30 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

The first witness is Martin McLain, the American Farm Bureau Federation.

STATEMENT OF MARTIN McLAIN, AMERICAN FARM BUREAU FEDERATION

Mr. McLAIN. Mr. Chairman, and members of the committee, we appreciate the opportunity to appear briefly before this committee and give our views regarding the extension of the Sugar Act.

We continue to support the Sugar Act as a means of dealing with the problems peculiar to the sugar industry.

The primary provisions of the act do not relate to payments, but to quotas that regulate the marketing of imported and domestically produced sugar.

Our policy resolutions recommend the extension of the present Sugar Act for 5 years with provisions for the following five things:

- (1) Immediate and substantial increases in basic quotas for mainland cane and beet areas;
- (2) A substantial increase in the domestic share of increased consumption due to growth;
- (3) Retention of the present formula for reallocating domestic deficits to domestic areas;
- (4) Provision for sugar production in new areas;
- (5) Protecting the interests of domestic growers.

Realizing that the present law is scheduled to expire March 31, 1961, and that producer organizations have had no opportunity to present their views to the House, we agree that an interim extension is needed to permit an orderly exploration of the changes that are needed in the basic act. At the same time, we believe that it would be highly desirable for Congress to proceed as quickly as possible to develop long-range sugar legislation so that producers and processors can plan ahead on an intelligent basis. We, therefore, recommend that the current extension provided in the bill, H.R. 5463, passed by the House, be limited to 9 months which would extend the present program to December 31, 1961. This would clear the way for full-scale hearings on the changes that should be incorporated in more permanent legislation, and we sincerely hope that both this committee and the House Agriculture Committee will begin such hearings as soon as possible.

It is our judgment that long-range legislation can be developed and enacted during the current session of Congress if the necessary hearings are started promptly. We are deeply fearful, however, that the proposed 21-month extension would lead to an undesirable delay in the development and enactment of longer range legislation.

We want to thank this committee for its dedicated efforts in trying to solve the difficult problems associated with the present sugar situation.

The CHAIRMAN. Thank you, Mr. McLain.

Any questions?

(No response.)

The CHAIRMAN. Thank you very much.

The next witness is Mr. Roscoe Fletcher of the New Mexico Farm and Livestock Bureau.

STATEMENT OF ROSCOE FLETCHER, NEW MEXICO FARM AND LIVESTOCK BUREAU

Mr. FLETCHER. I want to apologize, members of the committee, I have changed my statement and I don't have but one copy now.

I appreciate the opportunity to present our views on the proposed legislation affecting the Sugar Act. The New Mexico Sugar Beet Committee, of which I am State chairman, is a statewide organization composed of sugar beet committees, all of which could and would like to produce sugar beets.

Our committee is a commodity group directly responsible to, and represents the policies approved by the board of directors of the New

Mexico Farm and Livestock Bureau. The New Mexico Farm and Livestock Bureau represents over 8,500 farm families, a very high percentage of the total farm families in New Mexico.

Senator BENNETT. Mr. Fletcher, before you go further, I am interested in your name. Are you the New Mexico branch of the Farm Bureau with the words "livestock" added to it, or are you a different and separate organization?

Mr. FLETCHER. Our name is New Mexico Farm and Livestock Bureau, that is the total name.

Senator BENNETT. That is right, but is there in addition in New Mexico a farm bureau which is a different organization than your own?

Mr. FLETCHER. No, there isn't.

Senator BENNETT. You are the Farm Bureau of New Mexico, and you have added the word "livestock"?

Mr. FLETCHER. We have just added that to it.

Senator BENNETT. Thank you.

Senator CURTIS. You are affiliated with the National Farm Bureau?

Mr. FLETCHER. Yes, sir. We are a State organization.

Senator BENNETT. Mr. McLain just testified through the American Farm Bureau Federation. Are you a part of that federation?

Mr. FLETCHER. Yes, we are a member State of that organization.

Senator BENNETT. Thank you.

Mr. FLETCHER. We support the position of the American Farm Bureau Federation in asking for an immediate 9-month extension of the present Sugar Act in order to avoid disruption of the entire industry and consumer cost of living for the balance of this year. This short extension will give Congress time to enact a new long-range program to become effective at the end of this year.

We favor immediate and substantial increase in basic quotas for domestic beet areas.

No. 2, a substantial increase in the domestic share of increased consumption due to population growth.

We favor a fair formula for reallocating to old and new growers domestic deficits.

We favor sugar production in new areas like New Mexico to permit establishment of a mill.

With regard to the New Mexico Sugar Beet Committee, in February of this year a survey was made by county committees to determine the number of acres which would be grown if we receive a quota. The questionnaires returned indicated an interest of over 37,000 acres. Since that time a great deal more interest has been shown by prospective growers, so undoubtedly this figure would be adjusted upward.

A new cash crop is vital to the future of a sick agriculture economy in New Mexico. According to the latest USDA figures the average realized net income in our State fell 19 percent in 1960. At the same time, the total cash receipts from farm and ranch marketing dropped by 10 percent, the largest drop in the Nation.

Only a little over 800 acres of sugar beets are allotted to New Mexico at present, and producers of these are operating on a marginal basis due to high transportation cost to the nearest plant at Rocky Ford, Colo.

We are opposed to short extensions of more than 9 months duration. Our proposal would:

(1) Enable sugar companies to have a firm basis for building a new refinery in New Mexico that would be assured of being needed over a long period of time.

(2) Permit greater diversion of acreage from surplus crops grown in New Mexico such as wheat, feed grain, and corn.

(3) Reduce the amount of sugar purchased from foreign nations and thus curb the outflow of gold from the United States.

Experimental work with sugar beets by New Mexico State University shows that they are readily adapted to New Mexico and produce high yields and a high sugar content. Several companies have indicated a real interest in establishing in New Mexico, provided long-term legislation can be passed.

Figures from a company on the effects on the economy of the area where a typical sugar beet plant processes 2,500 tons per day are enlightening. Such a plant would add \$20 million each year to the economy of the area in which it is located and from which it draws beets.

The figure breaks down as follows: payments to farmers; employee payroll; transportation and value created; fuel cost and \$90,000 in local taxes. Such a plant means the employment of 300 to 350 men during the processing season and 2,000 men in caring for and harvesting the beet crop. Such a plant would require each 24 hours 2,500 or more tons of beets, 350 to 450 tons of coal or the equivalent in natural gas, 6,000 to 7,500 pounds of paper for sugar containers, and 4,000 to 4,500 pounds of burlap for dried-pulp containers. Refineries cost from \$12 to \$15 million each and are able to process from 25,000 to 40,000 acres.

It has been a pleasure to appear before this committee. On behalf of the New Mexico Sugar Beet Committee, we again urge a 9-month extension of the Sugar Act as is, and trust that our long-range program might be adopted to aid our economy.

Thank you very much.

The CHAIRMAN. Thank you, Mr. Fletcher.

The next witness is Mr. Hoyt Pattison, of the New Mexico Sugar Beet Association.

STATEMENT OF HOYT PATTISON, NEW MEXICO SUGAR BEET ASSOCIATION

Mr. PATTISON. Senator Byrd and honorable Senators of the Senate Finance Committee, it is a pleasure to be able to follow Mr. Fletcher, who has given you a picture of the general situation in New Mexico.

I would like to now tell you about an individual county in our State.

We are a nation of individuals, where the individual is important. I bring you a statement from individual farmers by one of them.

Gentlemen, I bring you greetings and petitions of the members of the Curry County Sugar Beet Association. This group is an association of some 97 members who are dedicated to the proposition that we in Curry County, N. Mex., and in the whole State or New Mexico—in fact, in our whole southwestern area and any other interested area—should have the opportunity to play a part in the production of the sugar that we use in our Nation.

Let me give you an example of the interest in our county alone in the production of sugar beets as a new producing area. A recent survey by our county agricultural extension agent shows that approximately 120 irrigation farmers are interested in planting approximately 11,400 acres of sugar beet.

The agricultural economy of our county is based on the production of wheat and grain sorghums. Both of these items are in surplus production at the present time. If we were permitted to produce 11,400 acres of sugar beets, this much land and more, considering a rotation program, would be taken out of production of these mentioned surplus crops.

Gentlemen, we ask that you pass into law at this time only a very short extension of the present Sugar Act, so that before this year is out you of the Congress of the United States of America can create a new permanent Sugar Act. We ask that such an act free our Nation forever from dependence on foreign sources for any great amount of our sugar.

In considering the defense of our Nation we cannot afford to be caught short in time of war of an item as important as sugar.

A permanent Sugar Act increasing our domestic quota for all interested areas would also help solve the depressed economic and employment conditions in these areas.

Gentlemen, we who present you this petition for the right to grow sugar beets as a new producing area ask for not one cent of Government money for doing nothing. We only ask for the opportunity to help ourselves.

To the average man in the field on the tractor in our county and to the average man on the streets of our cities, it is inconceivable why anyone would consider giving all of Cuba's presently available sugar quota to anyone else without first taking care of our own farmers, laborers, and storekeepers.

I thank you.

Senator BENNETT. Mr. Chairman, with Mr. Pattison there, I would like to ask Mr. Myers a question.

Maybe Mr. Pattison can answer it or help answer it.

Mr. Pattison has made the point that if the farmers in New Mexico were allowed to replace acres now used to grow feed grains and wheat with sugar, then the money spent to support those programs would be saved and the acres used to produce them more than an equal amount would be taken out of the present problem.

Has anybody attempted to estimate the relative "subsidy" that is involved in changing from one crop to another?

Mr. MYERS. Senator Bennett, I do not know of such study. The only point that I would make in connection with it is that this year, with the largest beet acreage in all of our history, we are growing something less than 1,100,000 acres. The acreage that is involved in wheat, cotton, corn and other feed grains runs well into the millions, as you know.

Senator BENNETT. That is right.

Mr. MYERS. In other words, sugar beets are a very much more intensive crop. Therefore, the expense per acre would be nothing like the expense per acre for the feed grains, and the total acreage involved would be minor, of course.

Senator BENNETT. Looking just at 1 acre, or looking at these 11,000 acres in this one county, what would be the effect on this problem of subsidy, how much subsidy is being required to support those 11,000 acres to grow, let's say, just wheat, because it would be easier to make a comparison with a single crop. How much Federal subsidy goes into the output of these 11,000 acres if they are planted in wheat, and how does this compare with the premium that is paid for sugar if they are planted in sugar?

Do you have any ideas, Mr. Pattison?

Mr. PATTISON. Yes. As I said before, I can only speak for my own county.

But were we to achieve the goal of 11,400 acres of sugar beets in our county, there would be that much acreage not planted in grain sorghums for every year that that acreage was planted in sugar beets.

I say this because—

Senator BENNETT. Let's assume then that is right. Now, what effects would that have, or what would be the comparative effect upon this question of support payments and premium payments?

Mr. PATTISON. One acre of grain sorghum under irrigation in our county would yield approximately 5,000 to 6,000 pounds of grain per acre, say 3 tons per acre; 11,000 times 3 tons is 33,000 tons of grain sorghum which would not be placed on the surplus market for grain sorghums. Furthermore, the grain sorghums which were grown on other acres would have a market in the livestock which the byproduct from sugar beets would promote, the livestock market would be—the livestock production in our county would greatly be enhanced by the production of sugar beets and the feeding of their byproducts.

Other grain sorghum and feed produced would not go into the surplus pile for our county individually because they would be fed to the additional livestock.

Senator CURTIS. Would you yield to me at that point?

There is this difference, too. The subsidy, say, on the sorghum grains, if the support price is beyond the market price, the difference thereof is a burden upon the general revenue of the Government, its General Treasury.

Mr. PATTISON. Yes, sir.

Senator CURTIS. Which would probably fall in everybody's definition of subsidy. If it were changed to sugar, the entire price of the sugar would be borne by the people who consumed sugar, isn't that correct?

Mr. PATTISON. Yes, sir.

Senator CURTIS. You have certainly given us a good statement here, and while it varies in some communities I want you to know that there are many communities in my State that would fall in the category that you have described here.

Where is this county in New Mexico?

Mr. PATTISON. It is right in the middle of New Mexico on the east side; you go right down the east side, and it is in the center.

Senator BENNETT. What is the nearest large town?

Mr. PATTISON. Amarillo, Tex., is 100 miles northeast, Lubbock, Tex., is 100 miles southeast, and Albuquerque is 250 miles west.

Senator CURTIS. Where is your closest refinery?

Mr. PATTISON. Our closest refinery at the present time is Rocky Ford, Colo., some better than 300 miles away.

Senator CURRIS. In other words, what you need is in addition to the right to grow sugar, you need it over a long enough period so that both producers and processors can plan for it and make it worthwhile; is that not right?

Mr. PATTISON. Yes, sir. We of the Curry County Sugar Beet Association, of which I am chairman, are trying to help do this for our whole area. The freight for transporting sugar beets as far away as Rocky Ford, Colo., is too much for the processors and producers alike to make it economically worthwhile. So we need a mill in our area if we are to produce sugar beets, and we need a Sugar Act of long enough extension to make this economically feasible.

Senator BENNETT. I have no further questions.

Senator LONG. As I understand it, though, you need a longer term Sugar Act than we have here. And I would like a longer term Sugar Act than we have here.

But from the point of view of the State that I represent, we need at least 21 months, we would do better to have 4 years or longer. But as between the two, we will have the act expire when we go to planting in the fall. We have to plant our cane around October, as I recall, and then when it grows up for a year it is cut back, and it produces second growth.

Now we need an act longer than this, but I don't know that it is helping us to get in the position of voting for a shorter act, because our people have to get their planting done, and they don't have any act upon which to harvest their crop later on.

Nine months might meet your problem, those that are planting seed now would be in the position that they could harvest in the fall and have a Sugar Act when they harvest. But it seems to me that 9 months for the sugar quota would be very much against the interests of those of us who will be permitted to produce cane over into the next year.

Mr. PATTISON. Our reasons for wanting only a short extension of the present act at this time are that the present act doesn't help us produce sugar beets at all. We can't produce any as it is, because, as it was pointed out this morning, we have no market available for them. We hope that with the short extension that Congress will pass a permanent act which will include our area with other new growing areas, expansion in old areas such as yours in a permanent act of 6 years at least, or more so that we can all be assured of a market in the future for what we plant in the way of sugar production.

Senator LONG. It would seem to me, though, if a 6-year act is desirable we are a lot better off to have 21 months than 9 months. But you are ruling just the opposite direction. We need, from our point of view, as long an extension as we can get to give the industry some assurance so that they can plant year after year.

We have had these acts expire on us, and invariably we have been confronted with this problem of trying to get an act extended, and somehow they always seemed to be putting a hammerhold on us to get any extension of the act at all.

I can't see where we will be any better off in States that plant cane if we have a short extension than we would to get the longest extension that we can get. Twenty-one months is a lot longer than 9 from our point of view.

Mr. PATTISON. Yes, sir. But wouldn't a 6-year act be more desirable than a 21-month act?

Senator LONG. Yes, but we do not know that we are going to get any 6-year act. By the time we pass a 9-month act like you are advocating we might be in a position to have to settle for another 9-month act, another 21-month act. And we are trading with the House conferees on the next bill. I have had some experience with that. And unfortunately the chairman of those House conferees is not represented in an area that produces sugar; he doesn't have the same problems to contend with as we do.

Mr. PATTISON. That is very unfortunate.

The CHAIRMAN. Thank you very much, Mr. Pattison.

The next witness is Robert M. Kerr, Southwest Oklahoma Area Development Association.

STATEMENT OF ROBERT M. KERR, SOUTHWEST OKLAHOMA AREA DEVELOPMENT ASSOCIATION

Mr. KERR. Mr. Chairman, and honorable members of the Finance Committee, it is indeed with mixed emotions that I appear before this group of distinguished lawmakers. First with a feeling of humility and smallness when I think of the many distinguished and learned men of Oklahoma whom I am sure could better represent us at this hearing, but with a bursting of pride when I think that I am representing the great State of Oklahoma here today.

First, so as not to embarrass Senator Kerr by the mistakes I will probably make as a novice here, let me explain that other than being good Democrats our kinship probably exists in name alone, but let me say for sure I'm not ashamed of the Kerr name.

The CHAIRMAN. You have no reason to be.

Mr. KERR. I mentioned a moment ago that there are many people in Oklahoma who could better present this statement to you, but I was told they wanted a farmer's views on the subject, no one told me what to say, so here, gentlemen, are the remarks of a farmer—from the heart and the pocketbook—the two places I think that matters the most.

May I start by bringing to your attention something that I know you must get tired of hearing about, but it is a real problem and the basis for our desire for new cash crops.

Hardly more than 10 years ago wheat was bringing the farmer \$2.40 to \$2.50 a bushel. A new tractor would cost \$1,800 to \$2,500 and a loaf of bread sold for 15 cents to 18 cents. Last spring wheat sold for \$1.65 to \$1.75, a comparable tractor sells for \$5,000 to \$6,000 and that loaf of bread was costing 25 cents to 28 cents.

While the prices we pay sometimes doubled, the prices we receive have gone down about one-fourth of what they were.

I ask you, is it fair to penalize the farmer because of his ability to produce?

Cotton and wheat being our two main crops in southwestern Oklahoma it is terribly hard for a farmer to even pay his bills at the end of a season much less to enjoy a profit that other segments of our population with a similar capital investment are enjoying.

Gentlemen, our enthusiasm in this matter—our earnest desire for a small portion of the allocations for sugar acreage does not come entirely from our hope for increased incomes. I won't deny its importance, but down in Oklahoma we farmers are a proud lot and we do not have a wide range of possible crops so that wheat and cotton and other crops that are in great surplus are our mainstays.

Our land is of a deep loam type that makes it very valuable and our investments are therefore quite large per farm—that soil is worth \$400 to \$500 per acre, and that in addition to our investment in machinery—too much for us to wish to park it in the soil bank. We want to use that land.

Now every time we add to the surplus—which we must do if we work at all, we are criticized—we are criticized if we raise corn, or cotton, or milo or other grains. We seem to be seen in a position where we can't win, and the more efficient we are and the harder we work the more we add to the surplus and the more we are criticized. We wish you here in Washington would help us out of this position. Perhaps they can produce sugar cheaper in countries where soil, labor, fertilizer, and other necessities cost relatively little, but raising more sugar beets in the United States is not as uneconomic as what we are doing right now, producing and adding to the surpluses. And we ask you to give us a chance to prove this.

Yes, we have surpluses, but I believe the farmers of America should be commended not "con-damned" for their superiority in knowledge and techniques to almost every other country in the world. But the fact remains that farmers are talked down, talked about, cussed and discussed—mostly cussed by almost every metropolitan newspaper and magazine you pick up, for being a burden on the taxpayer. And in that respect, I am sort of like Jack Paar, I don't believe we deserve all the bad publicity we get.

But, seriously, gentlemen, it is a very real problem and we ask you, the lawmakers of this the greatest of all nations, to put your hearts, souls, and minds along with us the farmers to helping find a solution.

One might suggest that if we were not satisfied as farmers we might turn our endeavors to other pursuits. To most who farm it is their life.

I am sure most of you are familiar with the school group, the Future Farmers of America. Some years ago I belonged to that group and its creed has always stayed with me. The creed was in part, "I believe in the future of farming with a faith born not of words but of deeds." Most farmers have that faith as their deeds show.

It is with these thoughts in mind when I ask you—yes, beg you to allow the farmers of the United States and in particular Oklahoma to grow a greater portion of the sugar we consume here. Please understand it is not at the expense of others that we wish to profit, but in light of the present situation plus the fact that the sugar consumption in the United States is increasing something like 130,000 tons a year we feel it is the right of the American farmer in new grower areas to produce to satisfy a portion of that demand.

Now it has been determined that we in the southwestern part of Oklahoma and the surrounding Texas counties can grow a beet of extra high sugar content. Our soil and climate are adapted to the needs of the sugar plants. In five southwest Oklahoma counties and the four surrounding Texas counties we have 271,000 acres under irrigation suitable for beet production not to mention all the other areas of Oklahoma recognized as being suitable for beet production. I understand that one mill will service around 40,000 acres, depending on tonnage per acre.

We do not feel that we would be profiting at others' expense. On the contrary, we believe that the economy of the whole United States would be somewhat helped by these facts. First, that the affected growing areas where new processing plants were built would create many new jobs in the building of such plants, in the running and maintenance of such plants, and by the related industries that grow around beet processing plants to utilize byproducts.

Second, by diversification from cotton, wheat, and milo we feel that the taxpayer would be favorably affected by not having as much buildup of surpluses to pay storage and support prices on.

Third, the farmers raising the beets could be in a favorable position to buy new machinery, cars, household goods, and other products of other industries.

Now, gentlemen, this is our plea. First we realize that at this late hour in the life of the present bill an extension is almost mandatory. But we would ask even now the bill be amended to give new grower areas such as Oklahoma enough quotas to support a new sugar mill. If there is not time to do this, we then ask that the bill only be extended long enough to accomplish these amendments so that we might participate in the next growing season.

I again bring you this plea—to help us in our attempt to bring about a better economic era in agriculture.

The CHAIRMAN. Thank you very much, Mr. Kerr.

Any questions?

(No response.)

The CHAIRMAN. The next witness is Mr. James W. Witherspoon, of the Texas Sugar Beet Growers Association.

Before you proceed, Mr. Witherspoon, I would like to insert in the record a letter from Senator William A. Blakley, of Texas; and also a statement, and likewise a joint resolution of the General Assembly of Texas respecting this matter; and also a statement of O. R. Strackbein, presented on behalf of the Texas Sugar Beet Growers Association; and also a statement of the United States Cane Refiners Association; and a statement of Senator Ralph W. Yarborough, of Texas.

(The documents referred to are as follows:)

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
March 25, 1961.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

My DEAR MR. CHAIRMAN: I want to express to you and to the other members of the Finance Committee my deep appreciation for arranging this hearing, and I regret that I am unable to appear.

For the record I wish to include two items. One is my statement in support of increased sugar beet acreage for Texas. The other is Senate Concurrent Resolution No. 28 by the Legislature of Texas in support of increased sugar beet acreage. I hope that the committee will give these requests, and those of the witnesses who appear, every possible consideration.

With highest regards, I am,

Sincerely,

WM. A. BLAKLEY.

STATEMENT BY SENATOR WM. A. BLAKLEY, MARCH 27, 1961

Mr. Chairman, the United States is vulnerable at this time in assuring our people of an ample supply of sugar. Events of the past 2 years in Cuba—formerly our chief source of supply—point to the acuteness of the situation.

We must look more to ourselves. We must look to my own State of Texas and other southwestern areas.

Extensive studies and tests in the production of sugar beets have been made in west Texas. It has been shown to the satisfaction of authorities that sugar beet production is possible and economically feasible there.

Can sugar and beet sugar are indistinguishable. When refined, they are an identical product. The United States already meets one-fourth of its sugar requirements with domestically produced beet sugar. We have the land and the industrial resources to expand greatly this production.

I believe this should be done. I consider it imperative that immediate steps be taken to assure the rapid expansion of the domestic sugar beet acreage and beet sugar processing capacity.

It is necessary, also, to lift the present disabilities and inhibitions on new growers in new areas or new and existing growers in small areas that are at present without processing capacity. Only after this is done can prospective growers negotiate effectively with prospective builders of processing mills.

Now, while the bill to extend the Sugar Act is being considered, is the time when this assurance should be given. Mr. Chairman, it is my hope the committee will take the first step to utilize Texas' potentials in this field by recommending a sugar beet acreage quota for my State.

I am submitting with this statement Texas Senate Concurrent Resolution 28, asking the Congress to enact legislation enabling the sugar industry to increase production in this country and allowing the farmers of the Nation to grow additional sugar beets and cane crops for the refinement of sugar. This resolution was adopted unanimously on March 15, 1961, by the Senate and House of Representatives of Texas.

The gentlemen from Texas who are here to testify before your committee are prepared to furnish persuasive evidence to back up their request for a quota. I appreciate your courteous thoughtfulness in hearing them.

SENATE CONCURRENT RESOLUTION 28

By Rogers, Smith, Hazlewood, Aikin, Owen, and Moffett

Whereas the welfare, not only of Texas but of the United States, requires that production of both cane and beets for refining into sugar consumed in the United States be enlarged to the extent that the sugar industry will be enabled to increase production in the United States, and the farmers of the United States be permitted to grow additional sugar beet and cane crops for the refinement of sugar; and

Whereas such policy would strengthen the farm economy and consequently the national economy of our country; and

Whereas such a change is our Federal sugar policy would help mitigate the persisting shrinkage in our gold reserve; and

Whereas such policy would benefit labor throughout the areas of production and refining, as well as in the areas manufacturing and supplying refineries; and

Whereas this policy would make America independent for a sugar supply as a strategic item in case of international conflict or war; and

Whereas this policy would properly place an agricultural crop in its rightful position in agriculture; and

Whereas this policy would take into consideration the ever-existing reason for America being independent in its natural resources and other commodities consumed in this country, all of which are with equal force applicable to sugar the same as cotton, wool, wheat, meat, or any other product; and

Whereas this policy would allow for greater crop rotation and alleviate to some extent the overproduction in cotton, wheat, and corn; and

Whereas this policy would avoid international entanglements to the extent that foreign countries otherwise will insist upon sugar quotas in the hands of our Federal Government, and they cannot understand favoritism of one over the other, while they can understand the American farmer and producer being permitted to produce the sugar consumed in this country; and

Whereas the \$507 million spent for imported sugar is far out of line with all other imports of other products of the competitive nature; and

Whereas this policy would keep American-produced sugar out of the category of subsidized crops so long as the production was held under consumption and administered in the same way as it has been in the past with the quotas actually given to foreign countries: Now, therefore, be it

Resolved by the Senate of the State of Texas (the House of Representatives concurring), That the U.S. Congress be urged to immediately enact such legislation enabling the sugar industry to increase production in the United States, allowing the farmers of the United States to grow additional sugar beet and cane crops for the refinement of sugar; and be it further

Resolved, that copies of this resolution be sent to the President of the United States, to the President of the Senate, to the Speaker of the House of Representatives of the United States, and to each of the Members of the Texas delegation in Congress.

BEN RAMSEY, *President of the Senate.*

JAMES A. TURMAN, *Speaker of the House.*

I hereby certify that Senate Concurrent Resolution 28 was adopted by the Senate on March 7, 1961.

[SEAL]

CHARLES SCHNABEL, *Secretary of the Senate.*

I hereby certify that Senate Concurrent Resolution 28 was adopted by the House on March 15, 1961.

DOROTHY HALLMAN, *Chief Clerk of the House.*

STATEMENT OF THE UNITED STATES CANE SUGAR REFINER'S ASSOCIATION,
WASHINGTON, D.C., IN SUPPORT OF H.R. 5463

This supplemental statement is submitted by the United States Cane Sugar Refiners' Association, whose members comprise almost the entire continental cane sugar refining industry. Inasmuch as the distinguished senior Senator from Louisiana—in the interest of saving your time—has kindly consented to appear before this committee as the single witness for the domestic sugar industry, including this association, no time is requested by this association for oral presentation.

The continental cane sugar refiners join the other domestic sugar groups in supporting H.R. 5463. We respectfully urge that this committee give this measure its prompt approval and that it be brought to the floor of the Senate as soon as possible. The present Sugar Act will expire at midnight, March 31, and if it is not extended before that time, chaos will result in the Nation's sugar supply system.

FACTS ABOUT THE DOMESTIC CANE SUGAR REFINING INDUSTRY

The consumption of refined sugar in the continental United States in 1960 was approximately 9,350,000 short tons, raw value, or an average of 97 pounds of refined sugar per person. Approximately 94 percent of this refined sugar was manufactured in the continental United States by American cane sugar refiners and American beet sugar processors. About 23 percent was manufactured by beet sugar processors from sugar beets grown in the continental United States, 23 percent by cane sugar refiners from raw cane sugar derived from sugarcane grown in domestic areas, i.e., Louisiana, Florida, Hawaii, Puerto Rico, and the Virgin Islands, and about 48 percent was manufactured

by cane sugar refiners from imported raw cane sugar. The balance of about 6 percent was manufactured in Puerto Rico and Hawaii (1.7 percent), Cuba (3.3 percent), and other foreign countries (1 percent).

Cane sugar refining is one of America's oldest industries, dating back to pre-Revolutionary times. It is just as much a domestic industry as the beet sugar industry but it must depend on foreign sources for more than half of its raw material.

The continental United States has 20 major cane sugar refineries located principally on the east and gulf coasts, from Massachusetts to Texas, with one large refinery in San Francisco. Smaller plants and distribution stations are operated principally in the South and Middle West. The present value of all these facilities is in the neighborhood of \$500 million. In the last 5 years alone the industry has invested over \$150 million in the replacement of obsolete plant and equipment and the modernization of handling and distribution facilities.

The cane sugar refining industry employs more than 17,500 persons and has an annual payroll of over \$100 million. The industry is owned directly or indirectly by more than 197,000 stockholders. Labor in practically all companies is organized, and in most of the large refineries employees receive a guaranteed annual wage for a minimum of 2,000 hours of employment per year. Wage rates compare favorably with those of other industries in the same areas. The current average earnings for production employees is over \$2.76 per hour. Fringe benefits in some companies add as much as 72 cents per hour.

The industry is a low-profit operation in which the average rate of return on sales is approximately 1.68 percent and the average rate of return on invested capital is 5.72 percent. This compares with a national average of manufacturing companies of about 6 percent on sales and about 10 percent on invested capital. The industry has been operating for some time at less than 80 percent of capacity in a business in which profits are greatly dependent on volume. The industry should be permitted to continue to provide a fair share of the country's growing sugar consumption needs. Any reduction in its present volume of business would imperil the solvency of the industry.

THE REFINING INDUSTRY'S ROLE IN OUR SUGAR SYSTEM

The complex quota system prescribed in the Sugar Act has maintained a healthy and competitive domestic sugar industry and has resulted in stable supplies at reasonable prices to the consumer (see Rept. 1746 of House Agriculture Committee dated June 6, 1960) principally because it has preserved the economic balance between supplies of beet and domestically refined cane sugar.

The domestic cane sugar refiners, as long as they are maintained as a healthy industry, are equipped to take raw cane sugar from any part of the world, refine it, and distribute it to the American consumer in the great variety of grades and packages required. Sugarcane is grown in many parts of the world, and there are numerous areas presently able to supply the domestic cane refiners at modest prices with all the raw cane sugar necessary to supply the refined sugar needs of the American consumer. This has been clearly demonstrated since July 1960. When sugar from Cuba was cut off, raw cane sugar was obtained from other sources, without any interruption of supply or substantial increase in price to the American consumer.

RAW CANE SUGAR AS A FACTOR IN OUR FOREIGN TRADE

Under the present quota system, the raw cane sugar obtained from foreign sources generally comes from Latin American countries which are customers for large amounts of U.S. agricultural and other products. They could not buy these products without the dollars received from the sale of raw cane sugar to refiners in the United States. Exporters of U.S. products have, for the time being, lost Cuba as a customer, but the expansion of raw cane sugar shipments from other Latin American countries will provide new opportunities and markets for our exports. Also, many of these Latin American countries are the very ones whom the United States is anxious to help at the present time.

The importance of these foreign supplies in our trade picture is indicated by the fact that in 1959 the 10 countries then receiving major quota allocations under the Sugar Act (Costa Rica, Cuba, Dominican Republic, Haiti, Mexico, Nationalist China, Nicaragua, Panama, Peru, Philippine Islands) accounted for 11 percent of our total export trade. Our exports to these countries totaled

\$1,904 million whereas we imported from them \$1,438 million giving us a favorable trade balance of \$421 million.

The distinguished Senator from Florida, Mr. Smathers, in his "Foreign Commerce Study" report to the Committee on Interstate and Foreign Commerce of the U.S. Senate (dated April 7, 1960) alluded to the importance of our trade with Latin America when he said:

"Unless Latin America is healthy economically, unless its export earnings are reliable, it cannot be a good customer for the United States. In 1958, Latin America purchased 23.4 percent of all U.S. exports. In the first 9 months of 1959, Latin American purchases declined to 20.8 percent of the U.S. total. Obviously we have an important stake in the soundness and in the continuing growth of Latin economies."

One of the objectives of the Sugar Act is clearly set forth in the preamble, namely, "* * * to promote the export trade of the United States." The act reserves for foreign countries, mostly in Latin America, a share of the U.S. sugar market and assures their proportionate participation in the increased consumption arising from population growth. It will be noted that the proposed extension of the law, H.R. 5463, provides in section 408(b) (2) (iii) that if additional replacement supplies are to be obtained from any foreign nation without regard to allocations "* * * consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities."

THE QUOTA SYSTEM

For many years before the present quota system was adopted the entire sugar industry was in dire circumstances and nobody wanted to invest any new money in such a depressed business. The quota system placed our sugar economy on a controlled basis—as is the case in most of the economically developed countries throughout the world—and enabled the entire domestic industry, both beet and cane, to survive. Under this regulated system, all segments of the industry had to sacrifice certain of their rights for the benefit of the whole. Cane refiners no longer could purchase their raw material in unlimited quantities from any source. The beet sugar industry was limited in its products and marketing to its then share of the market plus a share of the growth. Under later provisions, it received a larger share of the market and a larger share of the growth. Cane refiners received protection by virtue of a restriction placed on the amount of refined sugar that could be brought in from offshore areas. Domestic beet and cane sugar growers received compliance payments supported by an excise tax on the entire industry.

CONCLUSION

The existing sugar program—which combines quotas, excise tax, grower payments and tariff—has worked well. It has protected the interests of consumers and the domestic industry and has promoted our foreign trade. The system should be preserved and continued.

STATEMENT OF O. R. STRACKBEIN ON BEHALF OF THE TEXAS SUGAR BEET GROWERS ASSOCIATION RE SUGAR ACT EXTENSION BILL (H.R. 5463)

H.R. 5463, already passed by the House, proposes the further temporary extension of the Sugar Act for a period of 21 months, or through the year 1962, in its existing form.

The Texas Sugar Beet Growers Association wishes to protest the length of the time covered by the proposed extension, for reasons that will be developed in this statement.

The position of this association and of those areas in other States, such as Oklahoma, New Mexico, Kansas, Arizona, etc., that seek sufficient expansion of sugar beet acreage to justify the building of additional sugar mills, cannot be understood without a reference to the existing sugar legislation.

The nature of the present law prevents the expansion of beet growing in small growing areas, or the opening of new areas, because of its method of allotting any additional acreage that may be needed to meet consumption requirements. This outright exclusion of wholly new areas and the virtual exclu-

sion of the small areas results from a provision in the law that requires the allocation of any increased acreage on a historical basis.

In practice this has simply meant that the States that had been producing the "lion's share" of the mainland beet sugar supply when the law was passed, were also awarded the "lion's share" of any additional acreage needed to meet the increasing demand for sugar. This increase resulted principally from U.S. population gains or from sugar beet harvest deficits in other growing areas, notably Puerto Rico and Hawaii.

Thus, if a State, on the historical base used as a guide, had 100,000 acres of beets, whereas another State had only 5,000 acres, an increase in total U.S. acreage of, say, 25,000 acres, would find 20 times as much of this increase going to the State with the 100,000 base acreage as to the one with the 5,000 base acreage.

No State that was without acreage during the base period could obtain a single acre, no matter how much additional acreage might be distributed among the old growing areas. Two such States; namely, Arizona and Oklahoma, both of which are capable of growing sugar beets successfully, have been excluded from any acreage allotment because of the character of the present Sugar Act.

Texas and Kansas are two States that had only a relatively small acreage when allocation of the proportionate shares was made under the Sugar Act. Therefore their expansion of acreage was severely limited. A 1-percent increase in an acreage of 2,000 acres, which is the approximate Texas beet acreage, would mean only 20 acres. At this rate it would require nearly a hundred years to double the acreage, and several hundred years to expand sufficiently to support a sugar mill of its own.

There have been two sources of expansion of acreage. One has been the so-called growth factor, resulting from continental population increases. The per capita consumption of sugar is very steady and stable, and amounts to a little under 100 pounds per year. Population increases in absolute numbers have been quite sharply upward. From 1950 to 1960 the population of this country rose, roughly, from 150 million to 180 million, or by 30 million.

The share of the United States in the increased sugar consumption is 55 percent; but this includes Puerto Rico and Hawaii. Sugar beet participation is about 22 percent. Therefore, of an annual increase of some 150,000 tons in the amount of sugar consumed in this country, about 33,000 tons would accrue to the domestic beet growers. At $2\frac{1}{2}$ tons of sugar per acre, this tonnage would call for slightly over 13,000 acres of additional beets.

To counterbalance this theoretical increase, however, must be set the rising productivity in the growing of sugar beets. Both the output per acre and the sugar content per ton of beets has been increasing. This combination of increasing output per acre virtually absorbs that part of the annual increase in consumer demand that is allocated to beets on the 55-45 split of the growth factor.

The upshot is that the "growth factor" of itself is not sufficient to justify beet acreage expansion in any significant degree, at least so long as the split remains at 55-45. Even if the total growth factor were awarded to the United States (including Puerto Rico and Hawaii), the amount allocated to beets per year would be increased by less than double (i.e., as 45 is to 55), or nine-elevenths. This would add nine-elevenths of 13,000 acres per year, or between 10,000 and 11,000 acres.

The other source of expansion of domestic beet acreage has come from the deficits of Hawaii and Puerto Rico. In 1960, the total outside deficit was 558,000 tons, of which 426,700 tons was prorated to the domestic beet sugar area and 131,300 tons to mainland cane areas.

These deficits in terms of acreage, at $2\frac{1}{2}$ tons of sugar per acre, should have required 170,400 additional acres, not, indeed, above the 1959 acreage, but above the original mainland beet acreage before the Hawaiian and Puerto Rican deficits began some 5 years ago.

This increase in acreage from deficits would have made it possible to expand beet production in the smaller areas, such as Texas, Kansas, and the Dakotas, and in States with no acreage, such as Oklahoma and Arizona; but this was not done. The reason lay in the proration of the acreage on a historical basis.

It is true that "new growers" were awarded 95,000 acres as against 65,000 acres to "old growers"; but the "new growers" were those in the old areas that had the large historic base that automatically received the lion's share. No new grower in a State that had not grown beets could be accommodated; and

old as well as new growers in the States with only a small historic acreage, were left out in the cold with a few small crumbs.

This was not the fault of the administrators of the Sugar Act but of the law itself.

The Sugar Act thus has a built-in monopoly feature that should be removed from the act. The historic formula lacks flexibility; it fosters stagnation and prevents the extension of beet sugar production to areas that may be found to be more productive than some of the existing areas. Virgin lands in areas of high fertility as in the Texas and Oklahoma Panhandles and eastern New Mexico, cannot be brought into production. It is almost certain that the Sugar Act, as it stands, has the effect of restraining competition by strictly limiting the production to existing areas and then, again, limiting the smaller areas by a proportionate share formula that effectively stunts their growth.

It will be said that acreage control has been lifted with respect to sugar beet production; and that is true, so far as 1961 is concerned. It is said further that there is nothing to prevent anyone from growing sugar beets to his heart's content; and that is true so far as legal restrictions go; but as a practical economic matter this open road is, of course, pitted with snares and risks that no investor on a large scale will wish to take.

It requires some 3 years to build a sugar mill, counting the time needed to make surveys, etc. Anywhere from 20,000 to 40,000 acres of beets are needed to justify a mill; and the mill itself will cost some \$12 to \$15 million.

If acreage controls were removed for a 4- or 5-year period without question of reimposition during that time, venture capital would be free to go where the surveys, including questions of marketing, would dictate. Under present circumstances, however, it would seem very risky to undertake a development that would commit millions of dollars to an enterprise that might find itself after a year or two, before or even after completion, confronted with reimposition of controls that would deprive it of its needed supply of raw products, in this case, sugar beets.

The investor must have a reasonable certainty that after 3 years of preparation and building, his supply of sugar beets would be assured. If the rug could be pulled out from under him because acreage control were reinstituted, he would be faced with a complete loss.

So far as the Texas-New Mexico-Oklahoma area is concerned, the need for two or three mills is obvious. At the present time growers in Texas and New Mexico must ship several hundred miles, to the nearest mill in Colorado. Freight charges are uneconomical; and growers cannot utilize the pulp for cattle feeding for which it is well suited. Also, the Colorado mill capacity is already loaded and, according to reports, cannot absorb more beets from these faraway areas.

This aspect of the problem, i.e., making possible the venture of capital into new beet sugar mills, is one of assurance that at a prescheduled time, i.e., when the mill is completed, the beets will be on hand for processing.

This is a real problem, but only because of the operation of the present Sugar Act. It is not only a question of the possible blockage of acreage development by reimposition of acreage controls on a historic basis. It comes from the fact that even if a sufficient acreage could be granted for supply of a new mill, this acreage could not be planted immediately but must be held for 2 or 3 years. The beets would only be planted at a time to make their harvest coincide with the opening of the completed mill.

Nevertheless, even though the acreage could not be put in beets immediately, a legal claim to sufficient acreage must be assured ahead of time so that it could be planned at the proper time. This might mean the accumulation of acreage claims over a period of 3 or 4 years without actual planting. Meantime, existing areas, where mill-capacity would permit it, could supply the beets needed to fill the national quota; but they would have to relinquish this acreage as the new mills came into operation. This might, of course, be strung out over several years, so that the growth factor, suitably enlarged beyond the present 55-45 formula, could come to the rescue of the old mills. They might still have to fall back to a lower percentage of capacity of operation; possibly from 100 percent to 90 percent; but the cutback would be minimal and would not last long.

In any case such concessions are the only way of introducing flexibility and overcoming the objectionable monopolistic features of the operation of the present law. It should be noted that in recent months the oil import quota, administered by the Department of the Interior, was reopened, so that shares could be re-allocated, and new importers admitted. The historic formula was relinquished in favor of one that took other factors into account.

The foregoing is all based upon the present international quota system under which domestic sugar production is limited in keeping with a formula that shares the market with imports.

A change in this policy, not of sharing the market, but of favoring greater domestic expansion, through a recasting of the quota percentages pertaining to each country, would greatly facilitate the development of new beet areas in this country without disturbing the old areas.

The objection to this is twofold. One is the factor of international relations; the other, the factor of marketing additional beet sugar in this country.

Unquestionably the United States is capable of producing efficiently and economically much more sugar and a higher share of our national consumption than now is produced. Our principal supplier from the outside, namely, Cuba, would be economically happier if she could move away from abject dependence upon sugar as a source of national income. She has made many unsuccessful efforts to do so, indicating that it must be done from the outside. A shift of a third of the Cuban quota to the United States permanently would have the undoubted virtue of helping Cuba to throw off her one-crop economy. At the same time it would permit the utilization of land in this country that is now in surplus, withdrawn from cotton and wheat and other crops.

Not only would the beet sugar be refined here, as is most of the Cuban sugar normally, but labor would be employed on our farms in planting, cultivating and harvesting beets and also in processing. Unquestionably the income thus produced domestically would create a better market for farm machinery, fertilizer, food, drugs, clothing, automobiles, etc., than would a similar amount of sugar production in Cuba. Moreover, local taxes for schools, roads, etc., and Federal taxes, would greatly exceed the amount collected from the mere refining of imported sugar.

As for the marketing objection: the introduction of more beet sugar would undoubtedly upset the status quo to which even existing beet sugar processors, no less than the cane sugar refiners of the East, have become accustomed under the present law, with its monopolistic features. However, the breaking up of monopolistic practices when followed by private industry has never been regarded as a reason for not disturbing any particular status quo. In fact, the disturbance of the status quo is specifically involved. Where monopolistic practices are promoted by an act of Congress, the disturbance of the status quo which would have the effect of introducing more flexibility than now exists, can hardly be urged as an objection against the disturbance.

If sugar is compared with some of our other crops, notably cotton and wheat, sugar comes off an easy second best. Both raw cotton and wheat and wheat flour are strictly protected by import quotas. Only a very small percentage of the domestic market may be supplied by imports.

Yet sugar is an essential product no less than cotton and wheat; and it is readily grown in this country economically and efficiently. The cost is somewhat higher than in Cuba and other areas; but this is also decidedly true of wheat and cotton. In order to export these crops we subsidize them from 30 to 35 percent because our domestic price is higher than the world market.

Wheat and cotton are grown in great surplus and have created most difficult problems of disposal. The expansion of sugar production would help to correct some of the balance.

At the outset, the element of time was mentioned. This is very important.

The House Committee on Agriculture has, since 1955, stated a policy of helping new beet areas to obtain acreage, but the policy has not been implemented. Nothing has in fact been done to change the Sugar Act in this direction. A year ago an emergency act was passed. The claims of the new areas and the small areas, excluded by the Sugar Act from natural expansion, were held in abeyance with assurance that action would surely be taken in early 1961. Thus 1 year has already been lost.

Now, in effect, 2 more years are to be lost, for a 21-month extension would carry us through 1962.

Surely, with the ground covered in previous hearings, there is no good reason why Sugar Act amendments could not be considered and carried to the floor of Congress in a matter of 3 or 4 months, i.e., during the present session.

Every spring that passes loses another year and postpones by 3 or 4 years the day when many thousands of idle acres might be planted to sugar beets. Yet there could be no more appropriate time than the present to recast the offshore import quota system since it has been completely disrupted by forces outside of the sugar legislation. The time is opportune for doing what should have been done 10 years ago or more.

STATEMENT OF SENATOR RALPH W. YARBOROUGH ON H.R. 5463 (MARCH 27, 1961)

Mr. Chairman, the thousands of American taxpaying citizens in the farm areas of wheat, cotton, and other controlled crops, who have been forced from drought to develop, at their own financial risk and cost, underground irrigation water, need and desire to produce a portion of the sugar that they and other American people consume—which, under present law and the proposed 21-month extension, must be purchased from foreign countries.

These citizens believe that this 21-month extension may very likely result in no permanent legislation that would give them the right to produce beet sugar even at the end of that period, and that we may well find ourselves in the same place in 1962 as we were in 1960, when, early in 1960, as well as in the short session following the conventions, they were promised that permanent legislation would be passed by the 1960, and again by the 1961, Congress, before the deadline of March 31, 1961.

This extension of 21 months if passed, will very likely delay, by another 2 years, new producing areas from starting the construction of refineries, the building of which will take 2 years—thus, they would be 4 years further away from production.

A permanent law needs to be enacted during this Congress. Arguments to the contrary will have the effect of postponing consideration of increasing the domestic production of sugar.

Logical reasons exist in favor of our country producing sugar. From the standpoint of independence from foreign sources, we need production, not only in the event of international conflict or war, but, as has been established by the Cuban example, in time of peace as well. Certainly, it is a good step in the right direction: it would aid in solving the unemployment situation; it would strengthen the farm economy considerably. Thus, the national economy would be helped, and the solution would help balance our gold reserve, and strengthen our economy.

The State Department and the Department of Agriculture, representing the Administration, both testified on March 27 that we need a permanent Sugar Act at the earliest possible moment, and that, if it could be written in a short time, they were in favor of doing so. The industry has likewise indicated the necessity of a permanent, Sugar Act, as contrasted to mere extensions. It is of utmost importance to the new growing areas, which should have the right to participate in the production of sugar, that this be accomplished without delay.

Failure to write a domestic sugar-beet producing section into the law now will kill the chances of the American farmer for immediate participation in this program. The domestic associations, representing more than 10,000 farmers and prospective producers from Texas and other States, plead for action now—that is, before March 31—and they have every confidence in the ability of this committee and the Congress to produce an equitable bill for the taxpayer and farmer of the United States.

They believe that American growers should have priority rights in seeking an equitable solution.

Delays in facing up to the proposition of the American farmer producing sugar, cane and beet, complicate the consideration of all matters pertaining to the U.S. sugar law. When all foreign countries are heard, those who are favored may temporarily feel good, but we have not made friends with those whom we may deny the right to send sugar into the United States. No foreign country on the face of the globe can be critical of the United States for saying to them and to the world that this Government will, by this act, give increased sugar quotas to its own citizens who desire to produce, grow, and manufacture sugar consumed by them and their fellow Americans.

Farmers and producers prefer for this Government to protect their interests in the importation of sugar.

U.S. domestic increases in sugar production would alleviate several serious problems of overproduction of farm-produced grains; lands now used to produce grains could more profitably be used to produce sugar.

If we are to be realistic and helpful to other countries such as Cuba—should she be able to overthrow her Communist government—we will, through other sources enable her to be self-sustaining in a good, sound agricultural policy. Such action would offset Cuba's being wholly dependent upon sugar exportation.

The exodus from the farm to the city, adding as it does to increased unemployment, is a serious matter, and the small American farmer, particularly the

tenant farmer, faced today with the problem of survival, should be given immediate help. We should not postpone for 21 months, or any other unnecessary length of time, in the consideration that we give to this problem.

The CHAIRMAN. You may proceed.

STATEMENT OF JAMES W. WITHERSPOON, TEXAS SUGAR BEET GROWERS ASSOCIATION; ACCOMPANIED BY H. L. BENEFIELD, OF HEREFORD, TEX.

Mr. WITHERSPOON. Mr. Chairman, the matter of the 21-month extension is the thing that we are interested in. As Senator Long referred to it as being almost a permanent act, and it seems to us that that is more or less what it is. Honestly, we are afraid of this 21-month extension for several reasons.

First, historically, let me say that this organization, the Texas Sugar Beet Growers Association, now has a membership of approximately 10,000 people in the west Texas area from Dell City, Nacogdoches, and Texas City south on up to the Oklahoma line, that are interested in this legislation.

Now, they have been coming up here now for about 15 months.

Prior to that, in the year 1955, some assurance by some Members of Congress was given to them that there would be some legislation to take care of new areas where you can grow beets, and where people want to grow beets, but from 1955 to 1960 nothing was done.

Of course, there was plenty of time to work on a permanent law somewhere along there. But in January of 1960, when we came up here, we were led to believe that before Congress recessed for the convention that year, hearings would be held, and we would be given some consideration.

Well, you will recall what took place.

We were here, we have been here—someone has been here practically all the time for these past 15 months, some representatives of this organization.

The joint resolution that was referred to this morning was passed, I believe it was 8:30 Sunday morning, almost, before you adjourned, says that as soon as Congress reconvened following the convention, that we would again get to work on a permanent sugar law. At that time, also, I believe, this 90-day extension to March 31 was passed by the joint resolution.

We were here when Congress came back after the recess—

Senator BENNETT. Mr. Witherspoon, just for the record, there was no joint resolution passed. This bill, the bill as it existed then was extended to expire March 31, and in the report of the conference was contained the statement that the House Agriculture Committee would bring up a bill again during the August session.

Mr. WITHERSPOON. Yes, sir. It was my understanding that the conference, or whatever you call it, that it was stated in it that immediately upon reconvening it would be taken up, and work started toward a permanent Sugar Act. As I say, we were here. This is the first opportunity that we have ever had to come before any committee of Congress as such in any public hearing.

Senator BENNETT. Just let me finish with the record.

The House did come up with a bill in August. The purpose of that bill was to widen the powers of the President. It was not to get into the question of quotas. So, in effect, the House lived up to its promise, there was a sugar bill in August.

But since we only had a few days in August to work on it, there was no opportunity to get to this basic problem.

Senator LONG. And plus that we then proceeded to do what the administration asked us to do in the Senate, with the result that we got no sugar bill. That is what happened. But the House did send us a bill.

Senator BENNETT. They sent us a bill, we will have to admit that.

Mr. WITHERSPOON. We asked for permission to be heard, and we understood that we were going to be given permission, we as well as all the new growing areas in the country. We have never approached this on a selfish basis from the standpoint of Texas alone. We have asked for the farmers through the area, cane and beet, wherever they may be, that produce sugar, be given consideration in that direction.

We have been here, we have been here constantly. We were told then later before Congress adjourned in 1960 that we would get to work on it the first of the year. The first of this year has dragged along, and although we have requested to be heard, our Congressman from our section, New Mexico, and other States have asked to be heard, and in connection with this there have been no hearings, there has been no good faith. There has been nothing done permanently toward writing a permanent Sugar Act, as I can see.

The only thing has been now with respect to a 21-month extension. We figure that at the expiration of this 21 months there still may not be a permanent Sugar Act, and we would then be faced again with another extension. Whether that be right or not, we do know this—we have confidence in this committee here, this Finance Committee, and we believe that they can write a sugar law. The Secretary of Agriculture, Clinton Anderson, when he occupied that position, wrote this law, had a lot to do with it. We feel that he can write a Sugar Act. We feel that it can be done in 90 days. If it cannot be done in 90 days by the House Agricultural Committee before the adjournment, or prior to the adjournment, then if this committee here can extend it 30 or 60 days, we can cooperate in that thing, and we can get a Sugar Act.

The complications of it that are referred to we fail to understand from the explanation of this sugar law this morning: Everyone who has spoken about it says it is a matter of control, production, a matter of quotas for production and sale in this country, and of quotas for importation and sale out of this country.

It is just as simple as that.

Someone may say, "Well, we have got to hear all of the foreign countries who want to talk about this thing before these committees."

Maybe that is true, that we have to. It may take a week or a day. And if they can get through their testimony we have here today, if they can testify as fast as the people who appeared here today have, it isn't going to take any 9 months or even any 6 months to have an extension.

We appreciate that the only thing before you today is the extension on this thing, how long should it be extended. As we understand the testimony today and from everybody whom we have talked to, the industry wants a permanent Sugar Act. You want a permanent Sugar Act. It seems like if it is the thing to have, to have a permanent Sugar Act, then we should get busy and have it as soon as possible.

Senator LONG. Here is part of the problem, though. I would like to see a Sugar Act written for all eternity right now if it were possible to do it. But this Nation historically has purchased more than a third of its sugar from Cuba.

Now, we don't know what the situation in Cuba will be in a couple of years from now. We are writing an act now that is based on the assumption that we don't know what this country is going to want to do in regard to its attitude toward the Dominican Republic where we buy a great amount of sugar. And unfortunately from an international standpoint, from the administration point of view they will not be in a position to commit themselves as to what they want to do in a permanent act. And that is why we have the situation we have here of a short duration act.

But the Cuban situation could change back around to where the Government there was friendly, and you know that the pressure would be on this Government to resume large-scale purchases from Cuba. And with the fluid situation that we have, where the administration does not know what it wants to do about the Dominican quota, we can't arrive at a permanent act, as I can see, because there are too many unpredictables that you can't fill in.

Mr. WITHERSPOON. Mr. Long, we are absolutely convinced that if they ever enlarge the sugar business insofar as the American taxpaying voter is concerned in this country, it is going to have to be at the hands of the U.S. Congress, the Senate and the House of Representatives, that represent the people.

We believe that. It is true we do not know what will be done in Cuba 21 months from now. I do not know myself in reading the papers any single nation on the face of the globe that is under the domination of Russia that has ever gotten out from under that situation short of war.

Senator LONG. Yugoslavia?

Mr. WITHERSPOON. I don't know what that means here—

Senator LONG. Yugoslavia, west Austria—that is, east Austria and Yugoslavia, wouldn't they be exceptions? South Korea;

Mr. WITHERSPOON. We had a war over in South Korea, as I recall.

Senator LONG. But east Austria and Yugoslavia are not under direct Russian control.

Mr. WITHERSPOON. I don't know which way they lean mostly.

But the point I am trying to make is this—

Senator LONG. How about Guatemala, wouldn't you say that that would be an exception to your statement?

Mr. WITHERSPOON. I don't think Guatemala has ever been as far as Cuba has been.

Senator LONG. Castro thought enough of the kind of government they had down there in Guatemala to name one of the first American mills he seized the Guatemala mill. So I would say that the judgment

of Castro is that the Government of Guatemala is under his banner, wouldn't you?

Mr. WITHERSPOON. Quoting Mr. Castro further, he says that the United States Sugar Act has enslaved his people, and if I understand his reason, he says that is the reason they are communistic today, that they are in the position they are in today, because it enslaved his people.

Now, I am quoting Mr. Castro, he has made that statement a number of times.

Senator LONG. I was under the impression, and I believe this is correct, that that was a communistic takeover in Guatemala, and Ahbends and that group—

Mr. WITHERSPOON. I didn't recall that Russia was furnishing them arms, buying products from them, and so on.

Senator LONG. It hadn't gotten as far as the Cuban situation, but it was my impression, and my best information, that it was communistic.

Mr. WITHERSPOON. Senator, you would know more about it than I would, of course.

It does seem to me like possibly, from the study that we have made and the research that we have had done for us, that if we wanted to help Cuba, if we ever have the opportunity to keep her on our side instead of going in the opposite direction in the manner about which the discussion has turned here, the way to do it would be to help her do what some of the former governments in Cuba have tried to do, and that is get a more stable farm economy in the country with rotation of crops, rather than planting the same crop year after year, cane sugar. And possibly we would be doing Cuba a favor and the people in Cuba a favor and Cuba's Government if we cooperated in those respects and purchased less sugar from her in the future than we have in the past, and make her more independent, where she is not depending upon sugar as much as she has been in the past.

Let me call your attention to this a little bit, if you will, please, as a little background to those people who are interested in this thing that we do speak for today.

This example applies pretty well, I think, throughout a number of sections of the country, probably. But we have found in the last 10 years here—we have had two drought periods since the early 1930's, of about similar duration, and we haven't heard as much of the last one in 1950's as we did back in the 1930's when President Roosevelt first took office. But, through necessity, the farmers of that area have expanded their underground water, they have drilled their own wells and paid for their own pumps. That has been expanded now to where we find, according to a recent survey that was made by a group out of New York City in cooperation with a group in Dallas who were interested in building mills, sugar mills, that from the southwestern part of Kansas through the western part of Oklahoma and western Texas that we could produce in good farming practices as much sugar—more sugar, more sugar than we have purchased from Cuba each year annually, we could produce that much more annually.

Those people are setting there under this position. This one county gives a good example.

Ten years ago we had 450,000 allotted acres of wheat. This year we have 190,000. That is how much it has been cut down. Ten years

ago we had 10,000 acres, allotted acres of cotton—20,000. Last year we had 10,000 in the one county. Those people are relegated to other crops. And what is it in our country, and all this vast section? It is milo maize. And with the cost of irrigating and growing milo maize, with the support price that we have for it, it is not a very profitable crop. And specially insofar as the tenant farmer is concerned, he finds that each year, one after the other, he is a little further in the hole, if he doesn't have cotton and wheat acreage, and eventually he has a foreclosure and he is out of business. We don't think that is good for the farm area of that section or any farm area of the country.

We don't think the exodus of the farmer to the city is good, because we will have unemployment. But we do think that if we were given the right to produce more of the sugar that we grow, that we consume in the United States, that the farmer eats and his family eats, that if the farmers were given that right, we would be stronger in this country, that our farm economy would be strong.

And when the farm economy is strong, the national economy is strong, and that is what we would like to see done.

And we think it is important enough that it ought not to be put off 21 months.

If we have this 21-month extension, if the people in these newer areas have to wait 21 months before they can construct the mill, before they can start producing, it will be 4 to 5 years. If we had a law now, it would be 2 years, because it takes 2 years to construct the mill, approximately 2 years. So we would be 2 years that we would be buying this sugar from the foreign countries, we would have the pleasure of doing that for 2 years if we started now to try to help the American farmer.

If we put this off, consideration of this bill for another 2 years, it will be 2 years counting the first 3 months in this through 1961, and then we are just 2 years further away from that condition and that position than we would be if we tried to get something done now.

I am asking you gentlemen to try. I don't know what you can do with the House Agriculture Committee, it may be that we have no power in the Senate to control the situation, that we have to take whatever they give us, and just take it that way.

But I believe that the men here on this committee are qualified to deal with those people, to show them the importance—if I have failed, and Mr. Benefield, president of our association, has failed to point up the importance of it, and our Congressmen and our Senators from our State have, we believe that there are people in Congress who have the leadership and the ability to lead, and get this thing done, if it is good.

And we say that every reason in the world exists for this being a good philosophy. If it is good for us in this country to produce any one commodity and be independent in our production of it, if it is wheat, cattle, strategic material, or anything else, the same reasoning will apply to sugar just as well as to cotton, wool, or anything that we produce in this country or we consume in this country.

We certainly want—we are here today to appeal, I might say, for your consideration in trying to get this job done, that everybody wants done, and that is, a permanent Sugar Act.

We are hoping and praying that in connection with that permanent Sugar Act we will be given some relief, that we won't be put 2 years further down the line, 4 years altogether.

Questions have been raised this morning by someone concerning subsidies of this crop. The subsidies, direct subsidy from the Government has been about \$2 an acre—\$2.20 a ton. The freight rate that we pay, 350 miles from Hereford, Tex., to Rocky Ford, is about \$3.85 a ton. Those men in our area who have been growing that 1,900 and 2,000 acres of beets for 16 long years and shipping them to Rocky Ford, Colo., would be willing to—you could forget all about that Government bonus or Government payment to the farmers as far as we are concerned, we can grow the sugar and never expect you to pay a dime, if the sugar price remains like it is, if the payments for the growing remain as good as they have during this past 16 or 20 years.

Senator BENNETT. Mr. Witherspoon, I don't think you want to let that arithmetic stay in the record. Where did you get your figures of \$2.20 a ton?

Mr. WITHERSPOON. The grower who is the biggest grower in the State of New Mexico, Mr. Benefield, receives the statement from the Government, and I am quoting him on that.

Senator BENNETT. That is \$2.20 a ton for sugar.

Mr. WITHERSPOON. That is the beet, that is the beet tonnage that is shipped.

Senator BENNETT. That is the payment from the processing tax to the grower?

Mr. WITHERSPOON. That is right.

Senator BENNETT. But that isn't the subsidy, that tax is collected from the processor and turned around to the grower.

Mr. WITHERSPOON. That is the only subsidy payment that is made by the U.S. Government direct.

Senator BENNETT. The Government is just a channel through which that passes, the Government—the taxpayers, the general taxpayers do not pay that, the beet grower does.

Mr. WITHERSPOON. That is true, the beet grower himself really pays it, the industry pays it, the refiner, right.

Senator BENNETT. The refiner pays it?

Mr. WITHERSPOON. Yes.

Senator BENNETT. And it is added to the cost of the sugar, so the consumer pays it.

Mr. WITHERSPOON. The consumer, I suppose.

Senator BENNETT. And it is channeled in and out of the Treasury with a profit to the Treasury.

Mr. WITHERSPOON. But we would like to give that to the U.S. Treasury and have them keep it if we can grow the beets, is what we are saying, on the same structure as now. Everybody in Texas now says the same thing, and the New Mexico and Oklahoma boys, they would like to give that to the U.S. Treasury.

Senator BENNETT. Are you saying to us that you would like the act changed so that no money out of the processing tax goes to the grower?

Mr. WITHERSPOON. I say if you will give us a refinery or a quota for a refinery where we can have a refinery in Texas, we would be happy to do that. We would be better off, because it costs us more than that to ship it 350 miles. And, besides that, those poor boys in

New Mexico that grow that 800 acres of beets that they have been growing now for 16 or 20 years, they may have had 0.8 of an acre increase a few years along in the whole State of New Mexico, but they have come all the way from Albuquerque to 40 miles this side through Hereford to Rocky Ford, a distance of about 550 miles, to their processing plant. That is where they go.

And we are asking that we be permitted in a cooperative program, if you can work out where it will be beneficial to the Treasury, as Senator Douglas states, or somebody, if at the same time we can just be afforded the right to produce sugar and mill it, refine it in this country, sell a little of it in Texas—we consume about 450,000 to 500,000 tons in Texas each year, and that 1,900 acres will amount to about 4,000 tons that we get to produce in that State—we would like to sell some sugar in the State of Texas that is grown in the State of Texas.

When we get to thinking about what it will do for the economy, as someone mentioned, I would like to call your attention to this. This may be somewhat different than it would be with cane refineries, because as I understand cane-refined raw sugar here, is 94 percent pure or something like that, that is, it has been partially refined when it gets here; I don't know how many employees run one of these cane refineries on this imported sugar.

But when you grow that sugar here, cane or beet, it is a different situation, as I am sure Senator Ellender would know, because there you employ a lot of people in peak season, your farmers employ people, you add considerably to the employment, you would add in a community where we might have a refinery now on, say 40,000 acres of beets, you would add something like \$20 million in that community.

And the economists have worked with us and studied this thing as to what would be good for this country—and we are Americans and we want whatever is good for our country—and they have shown that that dollar turned loose means several when it has gone around to your grocery men and your oilman, and to turn \$20 million loose means more than just \$20 million. It means several times that much. And it means this, with the Treasury being the beneficiary on income taxes, and what-have-you, it means more.

As I see it, from the standpoint of what would be good for this country, it would be better to do that than it would be for us to spend it somewhere else.

Now, during this same period of time since 1955 we have been trying to get some rights to grow some beets in areas where we have got a historical basis. We have been growing them for so long, since 1948 at least, we have been growing beets in and around the county where I live—Mr. Benefield has been shipping, as I said, to Rocky Ford for 16 years.

We find that the Export-Import Bank, the Development Loan Fund, the International Cooperation Administration, the Inter-American Development Bank, the International Bank of Reconstruction and Development and its International Finance Corporation functions of this Government have by loan and so forth encouraged and helped foreign countries not only in buying this sugar in some section, as the Sugar Section of the Agricultural Department has done, but also in getting them into the business, loaning them money

to help them build refineries and add to their refineries, and getting them into the sugar beet producing business—not beet, but cane, cane, I mean, pardon me. And at the same time—and those figures have been for 1957, 1959, 1960, 1961, and the years through there since 1955. We have not even been permitted to go do it ourselves and spend our own money, as we have in irrigation wells, and build our own plants without the Government loaning us a dime, we can't do it, we can't do it under this law.

And we want to do it. If one of the beet companies—and I do not understand or do not know whether there is any interlocutory interest or stockholder interest between cane and beet refineries or not, I haven't ever gotten to that and don't know and can't say. But we would like for them to build it, if they don't want to build it let us build it, just give us an opportunity, give us a law that we can live under, give us a law that we can go forward in. Give us a law that will allow us to have more independent communities in farm areas in this country and help us, let us make better American citizens and independent citizens in this country.

In my hometown, we think that if a man supports his wife and his family and his kids he has added something to that community. And I say the same principle applies to the United States of America, if we take care of our own self, if we take care of our own people here and give them the opportunity, we will have more, we will have more stature in the world of nations today than we would if we don't do that and we find ourselves weak in any phase of the national economy, farm or otherwise.

I filed with you here this morning a rather short talk on this, about nine pages. I am used to, when I have the opportunity and am called upon, to make about an hour-and-a-half talk, and then still not have time enough to cover the subject.

(The statement referred to is as follows:)

STATEMENT OF JAMES W. WITHERSPOON FOR THE TEXAS SUGAR BEET GROWERS ASSOCIATION, MARCH 27, 1961

The approximately 10,000 underground-water irrigation farmers of west Texas, southwestern Oklahoma, and eastern New Mexico are most appreciative to have this opportunity to be heard for the first time before any committee interested in sugar legislation, which we believe is one of the most important phases of legislation to be dealt with by this Congress.

EXTENSION OF THE ACT DELAYS THE TIME WHEN NEW MILLS CAN BE CONSTRUCTED TO HANDLE ACREAGE OF NEW GROWER AREAS

New growing areas have heretofore been unable to receive consideration in Congress for the expansion of domestic sugar beet production and refining. Favorable consideration was promised in 1955, when the present act was passed. Early in 1960 we were assured that a permanent Sugar Act would be enacted in the early part of 1960 which would give consideration and relief to new beet growing areas. This committee will recall that when Congress recessed for the conventions in 1960, by joint resolution it provided for the holding of hearings and passing of a permanent act immediately upon the reconvening of the Congress.

We understood after the new Congress convened in 1961 and before the expiration of the 90-day extension, hearings would be held and a permanent law written. New growing areas again have been disappointed, and we are now faced with the action of the House on March 21, leaving only 10 days remaining for Congress to pass a permanent law. New grower areas are fearful now that a 21-month extension may well mean that: (1) they will be 1 or 2 years further

delayed in a permanent act that will enable them to build mills so they can start production; and, or (2) at the end of this extension, still another extension may be enacted without providing for them.

We are told that 21 months are necessary to gain the information for writing of a permanent Sugar Act. We are told by others that this length of time is unreasonable. An extension will further delay and hinder a great segment of this country in producing and refining a greater portion of the sugar consumed in this country. All areas where irrigation and sunshine exist are interested, these being the only two essentials for the growing of the beet crop from which sugar is extracted.

We are told that we must hear testimony and arguments from foreign countries desiring to sell to us. They have been around for some time now. We understand that the industry and all concerned agree we should have a permanent act instead of a short-term extension, at the earliest possible moment. Likewise, that in all probability it can be done in less time than 21 months. If it is to be done by this Congress before adjournment, it should be done within the next 4 months. If the American farmers and the farm economy of this country are to be recognized in the halls of Congress as having a right to participate in the production of a commodity consumed in this country, considering that it will take approximately 2 years to build refineries, definite steps should be taken as soon as possible, to assure these areas that they can start producing beets when their mills are completed.

If this law cannot be written within a relatively short period of 3 to 4 months, we have confidence in the Senate Finance Committee and the House Agriculture Committee, cooperating, to extend the time for hearings for an additional 30 or 60 days, if necessary, to finish the job.

SIMPLICITY OF THE ACT

Some statements have been made to the effect that the law itself has so many ramifications and complications that a permanent act cannot be written in a short time. Those in the House and Senate familiar with the act would refute this misconception. These statements may be inspired to deter or "scare off" consideration of this law and to fool the American public into believing that it is impossible to amend the Sugar Act to take care of new growing areas and new mills. The House and Senate Members will refute these misconceptions. In truth, the law is one simply to bar overproduction. It is a case where production is less than consumption, and the consumer price is stabilized. It involves the granting by this Government of quotas for the "right" to produce and also to import the sugar that is not permitted to be produced within this country.

Many changes have taken place which require a new consideration of the basic provisions. The law protects the existing refineries and growers now engaged in production by a system which affords a guaranteed return for the refined product. There is no complication or mystery about the proposition of whether or not we should produce a greater amount of cane and beet sugar, domestically, in this country. The complications and mysteries raised do not exist as such. Sometimes they may be asserted only for the purpose of confusing the real issues.

There is nothing about the sugar law or the enactment of a permanent sugar law at this time that is not now known—and has been known for months and years. Any attempt to avoid consideration of the real issue of granting "quotas" to new mills and new domestic areas is only a postponement of the right of many Americans to be heard before their Congress.

APPROACH MUST BE REALISTIC

Claims have been made that the Sugar Act must provide for "quotas" for foreign imports in order that this country maintain friends internationally. Castro has publicly, on numerous occasions, stated that the U.S. Sugar Act enslaved his people. The masses of Cuba have followed his thinking. It is evident that our favorable sugar law has failed to maintain any form of democratic government in that nation. The Communists are unquestionably in control, with Russia acquiring a large portion of the Cuban sugar on an entirely different basis from the past procedure of this country under which about double the world market price was paid.

With several foreign nations making claims, on various bases, to export sugar to this country, we here face the eventual unfavorable attitude toward this coun-

try when later we select one or more of them with whom we may deal, to the exclusion of the others. Those not receiving what they want will say we favored another. Those same foreign countries will respect our Government when and if we say to them unequivocally that we intend to maintain our farm economy, thereby strengthening our national economy, and permitting the citizens of this country to produce the sugar that we consume. We are not advocating that we should be given the right by law to produce all the sugar consumed at this time; but we do sincerely suggest that Congress should view with equal concern the rights and the demands of the large farm segment of this country desiring to engage in sugar production as we would consider foreign nations which, under the law, should have no "right" as such. The taxpaying individuals of this country should actually have the "rights"; i.e., to produce the sugar consumed.

IMPORTANT CONSIDERATIONS

1. It is readily understood that every argument in favor of this Nation being independent in the production of any commodity applies with equal force to domestic sugar production.

2. In the event of international conflict or war, if we are dependent upon some foreign country as the source of our sugar, there continually exists the possibility of our being cut off from our supply. The only sure solution is that we broaden and expand production within this country.

3. Much has been said about unemployment in this country in recent months. Although employment in the operation of cane refineries of partially refined foreign sugar may not add materially to solving the unemployment situation, the reverse is true of beet sugar refineries. By way of analysis, let us consider a 1 million ton quota of sugar refined in new areas within this country and determine the results of such impact by way of comparison.

One modern beet refinery would cost approximately \$15 million. To construct the mill would require approximately 2 years. Labor would be employed in the manufacture of the plant and in the assembly. When the plant operated, it would employ in peak season approximately 300 persons. It would refine 100,000 tons of sugar from approximately 40,000 acres of beets. There would be many persons employed in growing and harvesting the beets. One operation of 100,000-ton capacity multiplied by 10 would demonstrate that this is certainly a step in the right direction insofar as relief of unemployment is concerned.

4. Expanding production of sugar in this country will materially add to the income and will strengthen the farm economy, and thus the national economy. Extending the example above, one such refinery would pay to the farmers of the area approximately \$12 million annually. The same refinery would expend approximately \$5 million additionally, annually, for taxes, supplies, services and labor. The economists assure us that this annual income, when turned over many times in a community or State, increases the economy many times the original dollar spent. When this is considered in the light of several additional mills and refineries, it is apparent that a great contribution will be made to the farm and national economy which can only result in good to the Nation as a whole; for, as the individual citizen prospers, so does the Nation.

It would mean that with each separate refinery, thousands of trucks and separate pieces of farm machinery would be manufactured, sold, and put into use. The Treasury Department would be the beneficiary, as well as the people.

5. We have been concerned over the persisting shrinkage of our gold reserve. We believe that a change in our sugar policy, that would help our farm and national economy would at the same time mitigate this situation. The amount paid for imported sugar from foreign countries in 1960 was in excess of \$500 million. Why should sugar bear the brunt at a time when there exists such a demand throughout the country for an increase in domestic production?

Sugar importation is competitive to farm production. It is in a different class of imports from complementary commodities such as coffee, rubber, carpet wool, and cocoa.

6. We are faced with overproduction in practically all farm-produced grains. How can it logically be stated to the farmers of the United States that you cannot produce a farm commodity where there is a great underproduction of approximately 45 percent? Certainly, the expansion of sugar production would be a step in the right direction in alleviation of this surplus situation.

THE PLIGHT OF THE FARMER

Although it has not been publicized the Central Southwest section of these United States has sustained during the past 10 years a drought equal to that of the 1930's. The people of this area, through foresight and necessity, have developed, at their own financial risk and expense, underground water for irrigation, covering several millions of acres.

Recent surveys have shown that western Kansas, southwestern Oklahoma, west Texas and eastern New Mexico can easily produce each year by good agricultural practices, more sugar than the annual quota provided by Cuba. At the same time, these farm areas have suffered at the hands of the Government and the agricultural laws of this country, setbacks of the most severe nature. An example in one county in Texas (Deaf Smith) will point this up.

In 1950, the county had 450,000 allotted acres for wheat. Ten years later in 1961 the allotted acreage was 191,000. Ten years ago, the allotted cotton acreage was exactly double what it was in 1960. The expensive irrigation and chemical fertilizers with the depressed price structure of these other crops have been such that it has not been very profitable. Are the farmers in these areas, or any other area in the United States, not entitled to consideration at the hands of this Congress? Should they not be allowed to produce a greater portion of the sugar consumed in this country?

CONFLICTS

Arguments have been made that we should not buy sugar from Dictator Trujillo of the Dominican Republic. It is conceded that we should not buy sugar from Communist-dominated countries, although it is pointed up that sugar from any country may find its way into this country in the world markets. The intrigue in dealings with many foreign countries is the factor that complicates the Sugar Act. The promises of today may not be relied upon tomorrow. It would appear that the State Department with trained personnel should handle the foreign relations questions of this country, separately and apart from the legislative branch, and that it is properly a function of the executive branch to win and keep friends among foreign countries. Neither sugar nor any other commodity should be used as an international football; the American farmer should not be denied his right as a taxpaying individual to participate in production.

It is our thinking that every segment of our national economy should be strengthened: that America at all times should be strong within; that we will better occupy our proper place of leadership in the world by an expansion of our own commodity production. The citizen of any community who is self-supporting has added to the strength of the community. The same principle applies to America as a nation. We might be playing into the hands of the Communists if we fail to keep our farm and national economy strong, our labor employed, and our gold reserve in proper balance.

The American farmer in most instances today is faced with a problem of survival. The exodus from the farm to the city, adding to the unemployment problem, has been noted by you, and is a source of considerable anxiety.

We urge that the Sugar Act be amended to permit new areas, capable and desiring to produce sugar, to commence the necessary preparation to produce and refine, as soon as possible, without unnecessary delays but with speed and dispatch for the overall general welfare of the Nation.

The CHAIRMAN. You ought to come to the Senate and do a little filibustering sometime.

Mr. WITHERSPOON. Senator, I will visit you if you can get me in there to make a speech on this subject some time, I will filibuster for 9 months if necessary.

Senator CURTIS. May I ask a question?

You do not feel that this Senate Committee on Finance has been dilatory or responsible for this?

Mr. WITHERSPOON. No, sir. Let me say to you, this is the first opportunity you have given us—you have given us the opportunity—

Senator CURTIS. It is the first opportunity we have had.

Mr. WITHERSPOON. That we have been asking for—most of our work, let me say, has been in the House, not in the Senate.

Senator CURTIS. Well, earlier in 1960, and again later in 1960, and again now, a bill has not arrived over here in time for this committee to hold hearings and give it the consideration that an important subject like this merits.

Now, I do not—what I am about to say is not to argue with anyone, but I think the record ought to show it. The House of Representatives can pass a Sugar Act any time that the majority leadership of the House decides they want to do it. They do not have to wait for a committee. I served for some years in the House of Representatives and I know a little about their rules.

They do not have to wait for the Agricultural Committee.

Back in 1955 the Eisenhower administration made a request for a 6-month extension of the excess profits tax. The committee to which it was referred did not report it out. The chairman was violently opposed to it, he did not call the committee together, and did not report it out. The leadership directed the Rules Committee to take the bill away from the Ways and Means Committee, and it was brought to the floor and it was passed.

Now, the majority leadership in the House of Representatives does not have to be at the mercy of the chairman of the Agricultural Committee or any other committee.

And since you agree that this committee has not been negligent in our duty, I merely want to tell you that there is a forum that has the legal power to do something about getting the Sugar Act out in time so it can be considered and all the parties have their interests considered in ample time to do it.

Senator BENNETT. You are reminding him that the man who has that power in the House comes from a small State down in the southwest part of the United States called Texas.

Mr. WITHERSPOON. Yes, sir.

Senator CURTIS. And his whip that lines up the votes for him comes from Oklahoma.

Mr. WITHERSPOON. We have talked to him many times.

Senator CURTIS. A fine man.

Mr. WITHERSPOON. And we feel like we have friends over there; yes, sir.

Senator BENNETT. There is another way to do it. They can amend the Constitution to permit the Senate to act first on sugar legislation.

Senator CURTIS. That isn't necessary. But there is a precedent in the House of Representatives for the House to act on legislation that a committee has not—that a legislative committee has not recorded, the precedent that I cited, and also they have over there a petition method whereby 219 members can do it. That is a little bit cumbersome, but happens once in awhile.

Mr. WITHERSPOON. We believe, we are hopeful that you, together with the House Agricultural Committee, can get this job done before Congress adjourns this year. It doesn't seem like it should be such a big job but what it could be done.

Senator BENNETT. That is what we thought last year. But we found ourselves up to the night of adjournment twice without any

opportunity on the part of the Senate to have even this much of a hearing or consider any change in the basic pattern.

MR. WITHERSPOON. Senator Bennett, let me say that I hope you think this is worthwhile legislation, enough to be done as soon as possible, and that we will try it again anyway.

Senator BENNETT. I have been a member of the Conference Committee as you heard in the discussion this morning. I was a member of the three lost souls who marched over to the House after midnight twice to try and work out a conference with the chairman of the Agricultural Committee. And I don't enjoy these all night sessions. I would rather get some permanent legislation or some legislation that would last for several years, so that we don't have to go through that year after year. But unless something is done to give us the opportunity to get to permanent legislation, we are helpless, as we were last July and last September, and as we are right now.

MR. WITHERSPOON. I really believe that the people in the House whom they represent want permanent legislation. I really don't believe they realize the seriousness of it. I think possibly that if they were given an opportunity to work on this thing now if they felt they had to do it instead of dilly-dallying around about it, so to speak, I believe they will go to work on it.

Now, they say they are going to do it in May anyway, and they may find that it doesn't take so long to hear these people from India and all over the country as they think it will. They may run out of something to say like I have here before they get too far along—I mean, if these were the ones to be heard, most everyone else here—I have been seeing these faces around the country here for the last 15 months, in Florida and different places, people that are here today in the audience, and I don't think that there are any of them here who could keep this floor occupied for more than a week altogether. So I think in a week or a month or 2 months or 3 months we could have all the evidence we wanted to.

And I will say in the minds of some people in this U.S. Congress—and I think I am talking to some of them here today—that they have got the know-how and understanding about the Sugar Act to write a bill, and if they desire to give the American farmer the right to expand they can do it in a very orderly way and they can also take care of buying the sugar so we won't run out for the 2 years while the mills are being built. And I think we have the ability to write the law.

If we have the desire, if the desire exists sufficiently in the U.S. Congress to afford new growing areas and the farmers the right to participate, there isn't—I believe that—there isn't too much pressure, as I see it, to possibly keep that from being done.

There are several other reasons that I haven't mentioned here that may have been intimated during the testimony today. It was mentioned over here that the price of sugar one time went up and cost us too much. But that was when our supply from Cuba was cut off. And that was in time of war. Since that time, the price of sugar has been consistent. And, may I say, the retail price to the consumers is all I know about. But I do find that the retail price of sugar to the housewife in Salt Lake City and Denver, where we grow sugar beets, is not as much as it is in the east here, where we refine their cane as far

as the retail price is concerned per pound. I don't know what the difference is.

We were told by the Members of Congress, "Now, go work your solution out with the boys in the industry; if you will get the boys in the industry to say it is all right, we can get this thing done quick."

Listen, we have spent time with the industry, with those people, we have come up with suggestions—for instance, some of them say, "Well, the cane people ship too far west and get rid of their surplus, and then they come back to the Secretary of Agriculture later on when we can't go that far east on account of the higher price that we pay as growers of beets than do cane growers, so they get more sugar in, in December and November, when they run out."

We said, "Well, let's have a suggestion here. Why not, whenever the quotas are fixed and those things are established, whenever anybody runs over, instead of a 50 cent tax let's put a \$2.50 tax on it, and see if that will keep them home."

We don't want to hurt the cane people or anybody. But we found 375,000 tons of 100 percent refined sugar that was coming into this country from Cuba, 375,000 out of about 3,500,000 of importations of 100 percent refined sugar. We said, "For goodness sakes, just give us that 375,000 tons, let us have three or four mills scattered throughout the United States, and start milling, and we won't hurt the cane people, we won't hurt the beet people, we won't hurt anybody, if you will just give us that."

Senator BENNETT. Is it coming in now?

Mr. WITHERSPOON. I can't tell you. It has been coming in.

Senator BENNETT. Is there any sugar coming in from Cuba?

Mr. WITHERSPOON. Not today, no. But that was the case. And we could take it away regardless from that standpoint, take one item.

Besides, that is only a drop in the bucket anyhow; it is only 10 percent of the total quota. And by the time we built the mills for consumer use in this country it would almost be built up to that, don't you see. There are enough babies being born that are going to eat yearly 100 pounds of sugar in the United States; and if we had 375,000 tons that we could go to building mills which, in a very few years would equal that. We can't get that. We can't get consideration. We have spent our time, we have been spinning our wheels here trying to talk to the people that we have been told to, in Congress, to go to work it out before we could get anything. We haven't been able to do it. We are asking you to do something for us, because every man in here is my Senator, whether I am from Texas or anywhere else. And I read the papers, and I look to your leadership all the time, and I think that is the way that it should be. And I want my Texas Senators to represent the people in your State, too, just like they do the people in Texas.

The CHAIRMAN. Any questions?

Mr. WITHERSPOON. Mr. Benefield, have I left anything out that you would like to say here?

Mr. BENEFIELD. You haven't left much out; haven't said as much as you usually say. But I would say on behalf of the growers that you are telling these gentlemen the truth, that my Government payment doesn't pay my freight to Rocky Ford; so if you would give us a mill

in that area down there of Texas and New Mexico, and I could have the pulp to feed my cattle, I would be that much better off not paying the freight. So I can't see—I believe Senator Ellender thought we would have to subsidize that crop some more. As a grower for these 16 years, I can't see any need for that, sugar beets, even though I have shipped all the way to Rocky Ford, Colo., have put me in a good position financially. So I would still be doing just as well—I would be doing a little bit better for the reason I just mentioned, if this Government didn't pay me a dime, just give me my byproducts in trade, and I will give you that trade bill.

Mr. WITHERSPOON. Thank you, gentlemen.

The CHAIRMAN. Thank you very much, Mr. Witherspoon.

The next witness is Mr. Floyd N. Smith, the chairman of the Governor's sugar beet committee for the State of Arizona.

**STATEMENT OF FLOYD N. SMITH, CHAIRMAN OF THE GOVERNOR'S
SUGAR BEET COMMITTEE FOR THE STATE OF ARIZONA**

Mr. SMITH. Mr. Chairman, and members of the committee, my name is Floyd N. Smith, and I reside at 8520 North Central Avenue in Phoenix, Ariz. I appear before you today as a representative of the Governor of Arizona, who has established a committee to promote and foster the sugar beet industry in our State. In addition to being chairman of this committee, I have a definite interest in the problem as an Arizona farmer and as a representative of Arizona agriculture.

Although I have been farming in the Salt River project in Arizona since 1931, I have had some experience in the sugar beet industry. I also farmed in the Imperial Valley in California for a period of 17 years where I grew sugar beets, vegetables, and other crops generally grown in that area. I pioneered the growing sugar beet seed in Arizona on an experimental basis in 1934. Our seed was acceptable to the Colorado companies and today Arizona is among the principal contributors to the supply of sugar beet seed in the United States.

My initial experience and interest in the sugar beet industry began in the State of Colorado in 1919 where I was employed in the research department of the American Crystal Sugar Co. at Rocky Ford, Colo. From 1921 through 1930 I was an agriculturalist for the National Sugar Manufacturing Co. in Sugar City, Colo.

My purpose in being here today is to tell you of Arizona's need for a sugar beet quota—our ability to produce the crop economically—and to assure you that our Central Valley lands, our Yuma County lands, and other areas of the State can produce crops of superior quality.

Arizona's irrigated valleys cannot compete with the nonirrigated areas of our country in the production of grain crops. The vegetable industry in our established agricultural areas has suffered greatly in the last few years. The only so-called cash crop of prominence is cotton. Due to our national surplus, cotton acreage is in a restricted category. Without going into more detail, I can assure you that farming in Arizona has become more and more difficult during the last several years. A substantial sugar beet acreage would not only improve the economy of the State as a whole, but would also divert acreage now producing surplus crops to the production of sugar.

In response to a recent questionnaire, 354 Arizona farmers have indicated a desire to raise sugar beets. These farmers indicated a desire to plant 67,722 acres of sugar beets. Incidentally, any one of three counties included in this acreage could supply a 4,000 ton per day slicing capacity mill.

Arizona has 1,260,000 acres of the finest farmlands in the country. Six hundred and forty thousand of these acres are irrigated by gravity flow waters from reclamation projects and local irrigation districts. An additional 626,000 acres are privately irrigated by water pumped from the underground. The State has a more desirable climate, with fewer weather hazards than other areas in the country now raising sugar beets. I have grown sugar beets experimentally in the Salt River Valley in Arizona with an extremely high sugar content. The yield was comparable in tonnage to any other district or area of the country now engaged in the business.

A sugar mill in Arizona, centrally located, would have an added advantage over mills located in other States. Due to climatic conditions in the State, the various producing areas would harvest their sugar beets at different times, therefore, giving the mill a longer annual campaign. Beets from Yuma County would come off earlier than those grown in Maricopa and Pinal Counties. Following the harvest in Maricopa and Pinal Counties, Chino Valley, the Gila Valley, and the Wilcox Valley would be ready. Although this fact does not bear directly on your decision to give Arizona a sugar beet allotment, it does, however, indicate the probability of more efficient operation of a sugar mill.

The high degree of interest among farmers and citizens of Arizona in being allowed to participate in the production of sugar cannot be overemphasized. Sugar is one of the few nonsurplus "cash crops" in the country today. It is among the most important and vitally needed commodities in our country. We believe that the Nation should produce within its own borders a greater portion of its own sugar needs.

The State of Arizona and those of us who farm there want the privilege of participating in this increased development. We want this privilege without injuring our fellow farmers in other States who are now engaged in the industry. Neither do we desire to interfere or hinder the efforts of others in these established areas who wish to participate in the industry but have no present allotment. We believe this can be accomplished by allocating a portion of the former Cuban quota, plus the increased consumption, to domestic growers.

I have purposely taken less than my allotted time in making this statement, hoping that I might be able to answer such of your questions as may fall within my knowledge and experience.

But, before closing, let me say that we from Arizona respectively request that the Sugar Act be amended, in this session of Congress, by establishing substantial and economic quotas for Arizona and other States which are capable of economically growing sugar beets and desire to participate in the industry.

Thank you.

The CHAIRMAN. Thank you, Mr. Smith.

Any questions?

(No response.)

The CHAIRMAN. The committee will now adjourn, to meet at 10 o'clock tomorrow morning in executive session.

(By direction of the Chairman, the following is made a part of the record:)

SWISHER COUNTY SUGAR BEET GROWERS ASSOCIATION,
TULIA, TEX., *March 23, 1961.*

Hon. HARRY FLOOD BYRD,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: We feel that Congressman Cooley's extension of the sugar act is unfair to the U.S. farmers, and also to foreign countries for the following reasons:

1. The U.S. farmers can and need to raise the sugar consumed in the United States. Raising sugar beets would be a boost to our income and would take some feed grain acreage out of production.

2. If only two or three new beet sugar mills, each producing approximately 50,000 tons of sugar could be built in the United States it would be a good boost to our national economy. Each mill would cost about \$15 million, and take approximately 2 years to build, and employ about 300 people, each, after operation started.

3. If we give our sugar business to foreign nations now, and a year or two later start producing our own sugar, decreasing their quotas, we feel our diplomatic relations will be in far worse shape than now.

Our agriculture is one of our strongest weapons against communism. We are the only nation that has never suffered a famine. Red China is starving today, and Russia does not produce enough to feed her people.

Please get behind the U.S. sugar beet growers, and fight for us and our national economy.

Thank you for your consideration and support.

TOM ABERNATHY,
Secretary.
G. L. SADLER,
President.

PLAINVIEW, TEX., *March 24, 1961.*

LYNDON B. JOHNSON,
Vice President of the United States,
Washington, D.C.:

Please help the beet and cane sugar industry by seeking a 9-month extension of the present Sugar Act instead the 21-month extension passed by the House. This would give ample time for a new sugar act to be drawn and presented before the 9-month extension expires.

GRADY TUNNELL,
Chairman, Legislative Committee, Plainview Chamber of Commerce.

NEW YORK, N.Y., *March 24, 1961.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

As an American company whose sugar properties were seized by Castro we join with other American companies in urging that the Sugar Act be extended for 21 months until December 1962 as passed by the House. U.S. sugar legislation will be still part of U.S. program for rehabilitating Cuba when friendly government installed since only feasible means for rehabilitating the Cuban economy without undue delay is restoration of the Cuban sugar industry. Any other program would require very substantial amounts of aid from the United States over a considerable number of years and complete upheaval in the island's economy and organization. When friendly Cuban Government installed it will have to face the chaos created by Castro and it will be important to help restore sugar economy quickly to start on road to recovery as long as Cuban situation remains unsettled we believe Sugar Act should be extended so that the United States retains freedom to help a new Cuban government by resuming sugar imports promptly. By extending act 21 months the United

States will keep the necessary flexible authority to carry out its program for Cuba's rehabilitation. Twenty-one months' extension will not jeopardize U.S. supplies because sufficient sugar is available from offshore producers for U.S. requirements in 1961 and 1962 without the necessity of new investments in planting or mills facilities.

THE FRANCISCO SUGAR CO.

NEW YORK, N.Y., *March 24, 1961.*

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

As an American company whose sugar properties were seized by Castro we join with other American companies in urging that the Sugar Act be extended for 21 months until December 1962 as passed by the House. U.S. sugar legislation will be still part of U.S. program for rehabilitating Cuba when friendly government installed since only feasible means for rehabilitating the Cuban economy without undue delay is restoration of the Cuban sugar industry. Any other program would require very substantial amounts of aid from the United States over a considerable number of years and complete upheaval in the island's economy and organization. When friendly Cuban government installed it will have to face the chaos created by Castro and it will be important to help restore sugar economy quickly to start Cuba on road to recovery. As long as Cuban situation remains unsettled we believe Sugar Act should be extended so that the United States retains freedom to help a new Cuban government by resuming sugar imports promptly. By extending act 21 months the United States will keep the necessary flexible authority to carry out its program for Cuba's rehabilitation. 21 months' extension will not jeopardize U.S. supplies because sufficient sugar is available from offshore producers for U.S. requirements in 1961 and 1962 without the necessity of new investments in planting or mills facilities.

MANHATTAN SUGAR CO.

MULESHOE, TEX., *March 23, 1961.*

SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D.C.:

Please help the beet as well as the cane new producing areas to immediately commence construction of plants capable of producing at least 1 million tons. Please see to the Sugar Legislation immediately and in such form as Americans will be for Americans and the American farmer and not for foreign countries at our expense.

ERNEST KERR,

Chairman, Agriculture Committee, Muleshoe, Tex., Chamber of Commerce.

TUCUMCARI, N. MEX., *March 24, 1961.*

Senator HARRY BYRD,
Senate Office Building, Washington, D.C.:

Please use your influence to defeat the extension of present sugar law and to enact new sugar law which give the American farmer a chance to produce our own sugar. This will aid our entire economy and help relieve some of our farm surplus.

TUCUMCARI SUGAR BEET GROWERS ASSOCIATION.

TUCUMCARI, N. MEX., *March 24, 1961.*

Senator HARRY F. BYRD,
Chairman, Senate Finance Committee, Washington, D.C.:

Please use your influence to see that the present sugar act is not extended. Urge new sugar act. Which would allow our American farmers to raise sugar for Americans. Thus enhance American farm economy as well as industry in building new refineries.

Rep. M. S. DICKINSON,
President, Quay County Sugar Beet Association.

BOSTON, MASS., March 24, 1961.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D.C.:

As American company whose sugar properties were seized by Castro we join with other American companies in urging that the Sugar Act be extended for 21 months, until December 1962, as passed by the house. U.S. sugar legislation will be vital part of U.S. program for rehabilitating Cuba when friendly government installed since only feasible means for rehabilitating the Cuban economy without undue delay is restoration of the Cuban sugar industry. Any other program would require very substantial amount of aid from the United States over a considerable number of years and a complete upheaval in the island's economy and social organization. When friendly Cuban government installed it will have to face chaos created by Castro policies and it will be important to help restore sugar economy quickly to start Cuba on road to recovery. As long as Cuban situation remains unsettled therefore we believe Sugar Act should be extended so that the United States retains freedom to help a new Cuban government by resuming sugar imports promptly. By extending act 21 months the United States will keep the necessary flexible authority to carry out its program for Cuban rehabilitation—21-month extension will not jeopardize U.S. supply because sufficient sugar is available from offshore producers for U.S. requirements in 1961 and 1962 without the necessity of new investment in planting or mill facilities.

THOMAS E. SUNDERLAND,
President, United Fruit Co.

TUCUMCARI, N. MEX., March 24, 1961.

Hon. H. F. BYRD,
Chairman, New Sugar Legislation Committee,
Senate Office Building, Washington, D.C.:

In favor of the new sugar legislature and feel that it is essential.

CALVIN MOORE,
Manager, Southern Union Gas Co.

TUCUMCARI, N. MEX., March 24, 1961.

Hon. H. F. BYRD,
Chairman, New Sugar Legislation Committee,
Senate Office Building, Washington, D.C.:

Highly approve of the new sugar legislation, feel that is necessary for our economy.

DREW RISKA,
Manager, J. C. Penney Co.

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
February 23, 1961.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Enclosed is a resolution adopted by the North Dakota Legislature concerning the extension of the Sugar Act.

I hope it will be possible to include this resolution as a part of the hearings when your committee considers this legislation.

With warmest personal regards,

Sincerely,

MILTON R. YOUNG.

Thirty-seventh Legislative Assembly, State of North Dakota, begun and held at the Capitol in the City of Bismarck, on Tuesday, the third day of January, one thousand nine hundred and sixty-one

SENATE CONCURRENT RESOLUTION A

(Trenbeath)

A concurrent resolution requesting the National Congress to give immediate attention to amending the Sugar Act of 1948, and to give the American farmers their right to produce a larger share of the U.S. sugar market

Be it resolved by the Senate of the State of North Dakota, the House of Representatives concurring therein:

Whereas North Dakota farmers are confined to the raising of crops presently in surplus because the climate of this northern area will not permit a shift in the growing of cereal crops; and

Whereas they have increased their sugar beet production the past 25 years and have consistently requested Congress to permit the production of sugar beets on additional acres; and

Whereas they can produce sugar beets profitably and assure U.S. consumers of a steady and stable supply of sugar at reasonable prices; and

Whereas the legislative assembly believes the American farmer has a vested right to all increases in the American sugar market which would not reduce the present quotas of foreign countries: Now, therefore, be it

Resolved by the Senate of the State of North Dakota, the House of Representatives concurring therein:

That the U.S. Congress is urged to amend and reenact the Sugar Act for a period of 5 years, revise the growth formula by allowing 100 percent of the American consumptive increases be allocated to domestic areas, and add to the basic quota of continental United States an amount equal to what they have recently supplied for deficit areas; be it further

Resolved, That copies of this resolution be forwarded by the secretary of state to the U.S. Secretary of Agriculture, the U.S. Secretary of State, chairmen of the U.S. Senate and House Agriculture Committees at Washington, D.C. and to each Member of the North Dakota congressional delegation.

ORVILLE W. HAGEN,
President of the Senate.
HOWARD F. DOHERTY,
Secretary of the Senate.
R. FAY BROWN,
Speaker of the House.
GERALD L. STAIR,
Chief Clerk of the House.

(Whereupon, at 4:20 p.m., the committee recessed, to reconvene in executive session at 10 a.m., Tuesday, March 28, 1961.)



LEGISLATIVE HISTORY

Public Law 87-15
H. R. 5463

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INDEX AND SUMMARY OF H. R. 5463

- Feb. 2, 1961 Rep. Cooley introduced H. R. 3738 which was referred to the House Agriculture Committee. Print of bill as introduced.
- Mar. 10, 1961 Rep. Cooley introduced H. R. 5463 which was referred to the House Agriculture Committee. Print of bill as introduced.
- House committee ordered H. R. 5463 reported (in lieu of H. R. 3738).
- Mar. 14, 1961 House committee reported H. R. 5463 with amendment. H. Report No. 79. Print of bill and report.
- Mar. 20, 1961 Summary of H. R. 5463 as reported by House committee.
- Mar. 21, 1961 House passed H. R. 5463 under suspension of the rules.
- Mar. 22, 1961 H. R. 5463 was referred to the Senate Finance Committee. Print of bill as referred.
- Mar. 28, 1961 Senate committee reported H. R. 5463 with amendments. S. Report No. 125. Print of bill and report.
- Mar. 29, 1961 Senate passed H. R. 5463 with amendments.
- Both Houses agreed to conference report. H. Report No. 212. Print of report.
- Mar. 31, 1961 Approved: Public Law 87-15.

Hearing: Senate Finance Committee on
H. R. 5463.

87TH CONGRESS
1ST SESSION

H. R. 3738

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1961

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To extend the Sugar Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 412 of the Sugar Act of 1948 (relating to ter-
4 mination of the powers of the Secretary under the Act) is
5 amended to read: "The powers vested in the Secretary under
6 this Act shall terminate on December 31, 1962, except that
7 the Secretary shall have power to make payments under title
8 III under programs applicable to the crop year 1962 and
9 previous crop years".

10 SEC. 2. Sections 4501 (c) and 6412 (d) (relating to
11 the termination and refund of taxes on sugar) of the Internal

1 Revenue Code of 1954 are amended by striking out “Sep-
2 tember 30, 1961” in each place it appears therein and insert-
3 ing in lieu thereof “June 30, 1963”.

4 SEC. 3. Section 408 of the Sugar Act of 1948, as
5 amended (relating to suspension of quotas), is amended by
6 striking out of subsection (b) “for the period ending March
7 31, 1961” and inserting “for the period ending December
8 31, 1962” and by striking out of subsection (b) (1) “for
9 the balance of calendar year 1960 and for the three-month
10 period ending March 31, 1961” and inserting “for the period
11 ending December 31, 1962”.

87TH CONGRESS
1ST SESSION

H. R. 3738

A BILL

To extend the Sugar Act of 1948, as amended.

By Mr. COOLEY

FEBRUARY 2, 1961

Referred to the Committee on Agriculture

March 10, 1961

Authorizes the Administrator to extend to parties located in redevelopment areas and other areas technical information, market research data, and other forms of assistance obtainable from other Federal agencies.

Authorizes appropriation of \$4.5 million annually for technical assistance to redevelopment areas and to other areas which have need of such assistance to alleviate or prevent excessive unemployment or underemployment.

Authorizes an annual appropriation of not more than \$4.5 million for occupational training in redevelopment areas.

Authorizes an annual appropriation of not to exceed \$10 million for retraining subsistence payments to unemployed or underemployed persons.

Requires the Administrator to submit a detailed and comprehensive semi-annual report to Congress.

Authorizes the Administrator, with the approval of the President, to delegate appropriate functions to other Government agencies.

3. COTTON; TEXTILES. Sen. Scott stated that he was "deeply disturbed over the effects of the newly announced Government support level for cotton," and contended that it would result in higher prices of cotton textile products, and inserted his television debate with Sens. Humphrey and Clark on the matter. pp. 3464-5
4. 4-H CLUBS. Sen. Stennis commended the 4-H Club program as a "bright one with a brighter future than ever before." p. 3466
5. NATURAL RESOURCES. Sen. Magnuson commended the President's recent message on natural resource development as recognizing "these resources as a basic element of national strength." p. 3511
6. ADJOURNED until Mon., Mar. 13. p. 3515

HOUSE

7. SUGAR. The "Daily Digest" states that the Agriculture Committee, in executive session, ordered reported, amended, H. R. 5463 (a clean bill in lieu of H. R. 3738), to extend the Sugar Act. p. D149
8. SALINE WATER. The Science and Astronautics Committee issued a report on research needs for salt water conversion (H. Rept. 71). p. 3536
9. STOCKPILING. Received from the General Services Administration, a notice of a proposed disposition of approximately 3,500 long tons of vegetable tannins (quebracho, chestnut, and wattle extracts) now held in the national stockpile. p. 3536
10. FOREIGN TRADE. Rep. Wilson, Calif., urged the President to "prohibit commercial dealing of any sort with the Cuban Government" except for medicinal products and foodstuffs deemed essential to the minimum health requirements of the Cuban people. p. 3534
11. SURPLUS FOOD. Rep. Stratton urged that unemployed persons be made eligible to receive surplus food "without the necessity of going through all of the additional redtape normally required for regular welfare recipients" and inserted several items relating to this matter.
12. COMMITTEE ASSIGNMENTS. Reps. Ikard, Fountain, and Dwyer were appointed members of the Advisory Commission on Intergovernmental Relations. p. 3532

13. LEGISLATIVE PROGRAM. Rep. McCormack announced that H. R. 3980, the food additives amendment, will be considered this week. He stated that the "Easter recess will start on Thursday, March 30, and continue to and including the following Tuesday, April 4." p. 3517

14. ADJOURNED until Mon., Mar. 13. p. 3536

ITEMS IN APPENDIX

15. ELECTRIFICATION. Extension of remarks of Sen. Randolph inserting two articles discussing Interior Secretary Udall's order that a study be made of proposals to transmit electric power 1,000 miles or more. p. A1693

16. WATER PROJECTS. Extension of remarks of Rep. Aspinall inserting an article outlining some water projects that are underway or planned throughout Colorado. pp. A1701-2

17. ETHICS. Extension of remarks of Sen. Proxmire inserting a Wisc. Federation of Women's Clubs endorsement of a Code of Ethics for Legislators and Public Officials. p. A1702

18. RESEARCH. Extension of remarks of Sen. Magnuson inserting an article expressing enthusiasm about the President's advocacy of an expanded research program in oceanography. p. A1704

19. FARM PROGRAM. Extension of remarks of Rep. Evins inserting his weekly newsletter reviewing "first actions" of the Administration, including an expanded food distribution to the needy and the establishment of a food-for-peace program. pp. A1716-7

Extension of remarks of Rep. Ellsworth inserting an article, "Success Problems," suggesting that the "farm problem" is not an agricultural problem at all, but a "marketing and technological unemployment problem resulting from a dramatic agricultural success." p. A1717

20. FARM LABOR. Rep. O'Hara inserted Michael Coleman's, president of the Young Christian Workers, statement before the House Agriculture Committee opposing the proposed extension of the Mexican farm labor program. pp. A1717-8

21. CONSERVATION. Extension of remarks of Rep. Ullman inserting a magazine editorial and stating that it "gives the cattleman's viewpoint on the issue of range conservation." pp. A1719-20

22. FOREIGN AID. Extension of remarks of Rep. Evins inserting correspondence between himself and Secretary of Treasury Dillon "regarding the costs of our foreign aid program with particular reference to their bearing on our currently unfavorable balance of international payments." p. A1723

BILLS INTRODUCED

23. TRANSPORTATION. S. 1283, by Sen. Magnuson (by request), to amend the Interstate Commerce Act to provide civil liability for violations of such act by common carriers by motor vehicles and freight forwarders; to Interstate and Foreign Commerce Committee. Remarks of author. pp. 3455-6

S. 1284, by Sen. Magnuson (by request), to repeal section 303(b) of the Interstate Commerce Act, as amended, relating to the water-carrier bulk commodity exemption; to Interstate and Foreign Commerce Committee.

87TH CONGRESS
1ST SESSION

H. R. 5463

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1961

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend and extend the Sugar Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, effective March 31, 1961, section 412 of the Sugar
4 Act of 1948 (relating to termination of the powers of the
5 Secretary under the Act) is amended to read: "The powers
6 vested in the Secretary under this Act shall terminate on
7 December 31, 1962, except that the Secretary shall have
8 power to make payments under title III under programs
9 applicable to the crop year 1962 and previous crop years".

10 SEC. 2. (a) Section 4501 (c) (relating to termination
11 of taxes on sugar) of the Internal Revenue Code of 1954 is

1 amended by striking out “September 30, 1961” in each
2 place it appears therein and inserting in lieu thereof “June
3 30, 1963”.

4 (b) Section 6412 (d) (relating to refund of taxes on
5 sugar) of the Internal Revenue Code of 1954 is amended
6 by striking out “September 30, 1961” where it first appears
7 therein and inserting in lieu thereof “June 30, 1963”, and
8 by striking out “September 30, 1961” where it appears
9 therein the second time and inserting in lieu thereof “Sep-
10 tember 30, 1963”.

11 SEC. 3. Effective March 31, 1961, section 408 of the
12 Sugar Act of 1948, as amended (relating to suspension of
13 quotas), is amended by striking out of subsection (b) “for
14 the period ending March 31, 1961” and inserting “for the
15 period ending December 31, 1962”; and by striking out of
16 paragraph (b) (1) “for the balance of calendar year 1960
17 and for the three-month period ending March 31, 1961”
18 and inserting “for the period ending December 31, 1962”;
19 and by inserting immediately before the colon in subpara-
20 graph (2) (iii) of subsection (b) a semicolon and the words
21 “except that any amount which would be purchased from any
22 country with which the United States is not in diplomatic
23 relations need not be purchased” and by inserting in the
24 “provided” clause a comma after the phrase “additional
25 amounts of sugar” and inserting immediately thereafter the

1 phrase “including any amounts which would otherwise be
2 purchased from any such country with which the United
3 States is not in diplomatic relations,”; and by striking out the
4 semicolon at the end of subparagraph (b) (2) (iii) and in-
5 serting “except that preference shall be given to those coun-
6 tries agreeing to purchase United States agricultural com-
7 modities;”.

87TH CONGRESS
1ST SESSION

H. R. 5463

A BILL

To amend and extend the Sugar Act of 1948,
as amended.

By Mr. COOLEY

MARCH 10, 1961

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued March 15, 1961

For actions of March 14, 1961

87th-1st, No. 45

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HIGHLIGHTS: House committee reported sugar bill. Senate debated depressed areas bill. Senate received nomination of Ralph to be Assistant Secretary.

SENATE

1. DEPRESSED AREAS. Continued debate on S. 1, the depressed areas bill. pp. 3626-65
Agreed to amendments by Sen. Fulbright to vest the powers and functions created by the bill in the Secretary of Commerce rather than creating a new independent agency with an administrator reporting to the Secretary of Commerce. pp. 3627-9
Agreed to an amendment by Sen. Bush to provide that all authority for the program authorized by this bill shall terminate at the close of June 30, 1965. pp. 3653-7
Rejected, by a vote of 49 to 45, an amendment by Sen. Robertson to provide that the programs authorized by the bill shall be financed by direct appropriations rather than by revolving funds. pp. 3632-44
2. NOMINATION. Received the nomination of James T. Ralph to be an Assistant Secretary of Agriculture. p. 3666
3. FOREIGN AID. Both Houses received the President's message on aid for Latin American countries (H. Doc. 105). pp. 3597, 3668-70

4. TRADE PRACTICES. Both Houses received the annual report of the Federal Trade Commission. pp. 3598, 3693
5. MEAT AND WOOL IMPORTS. Received an Idaho Legislature resolution favoring greater restrictions on the importation of meat and meat products, hides, wool, woolens, and related products. p. 3598
6. FORESTRY. Received an Idaho Legislature resolution favoring enactment of legislation to provide that 25 percent of forest receipts be distributed to the counties in lieu of taxes for public schools and roads. p. 3599
Received a Calif. Legislature resolution urging the President and Congress "to fully and promptly redeem the responsibility of the United States for the protection and management of the national forests in California as provided for in the program for the national forests which was presented to the 86th Congress." p. 3603
7. SUGAR. Received a Wash. Legislature resolution favoring extension of the Sugar Act and an increase in the quota for the production of sugar beets. p. 3601
8. FARM LABOR. Received a Calif. Legislature resolution favoring enactment of a national minimum wage law for agricultural workers. p. 3603
The Labor and Public Welfare Committee was granted an extension of time from Feb. 21, 1961, to April 7, 1961, for filing its report on the study of matters relating to migratory labor. p. 3613
9. WATERSHEDS. Sen. Carlson inserted a resolution of the board of directors of the Wakarusa (Kan.) watershed area urging that their organization cooperate with every other agency of the Government in trying to work out a joint program of solving their land and water programs. pp. 3605-6
10. PRICE SUPPORTS. Sen. Dirksen inserted a letter from an Ill. farm owner opposing high support prices for farm commodities. p. 3617
11. FOREIGN CURRENCIES. Received reports from the Interior and Insular Affairs, Foreign Relations, and Aeronautical and Space Sciences Committees on the expenditure of foreign currencies in connection with foreign travel by members and employees of the committees. pp. 3621-4

HOUSE

12. SUGAR. The Agriculture Committee reported with amendment H. R. 5463, to amend and extend the Sugar Act of 1948 (H. Rept. 79). p. 3698
13. FOOD ADDITIVES. Passed as reported H. R. 3980, to continue until June 30, 1964, the authority of the Secretary of Health, Education, and Welfare, which expired on March 5, 1961, to permit the continued use of certain food additives and pesticide chemicals which have been in commercial use since Jan. 1, 1958, until the necessary investigations and scientific studies now in progress by industry and the Food and Drug Administration can be completed and regulations adopted to provide final assurance of the safe use of these additives and chemicals. pp. 3680-5
14. FEED GRAINS. The "Daily Digest" states that the conferees met to resolve the differences between the Senate- and House-passed versions of H. R. 4510, the feed grains bill, but did not reach agreement and recessed subject to call. p. D162

EXTEND AND AMEND THE SUGAR ACT

MARCH 14, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 5463]

The Committee on Agriculture, to whom was referred the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended, having considered the same, report favorably thereon with amendment and recommend that the bill as amended do pass. •

The amendment is as follows:

Page 3, line 4, after the word "inserting" strike out the remainder of the section and insert "except that consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities;".

STATEMENT

In July 1960, Congress enacted Public Law 86-592 which (1) extended the Sugar Act for 3 months (from December 31, 1960, to March 31, 1961), (2) authorized the President to set the Cuban sugar quota for the balance of the calendar year 1960 and for the first 3 months of 1961 at any level not in excess of the Cuban quota under the basic quota system of the Sugar Act, and (3) directed the manner in which replacement supplies of sugar were to be obtained in the event that the Cuban quota was reduced as authorized by the act.

Pursuant to the authority of Public Law 86-592, the President did reduce the Cuban quota for 1960 to about the level of shipments at the time the law became effective and has set the Cuban quota for the first 3 months of 1961 at zero.

The bill reported herewith (H.R. 5463) does not make any change in the basic provisions of the Sugar Act, other than the extension of the expiration date from March 31, 1961, to December 31, 1962. The necessity of extending the law by March 31, 1961, and the compli-

cated nature of the Sugar Act, which finds all of its provisions inter-related and dependent upon each other, made it impossible for the committee to take action on several proposals which would have made substantial changes in the basic act. This bill deals, therefore, only with amendments to the temporary or emergency authority enacted by Congress in Public Law 86-592.

The two amendments to this emergency authority which the committee has included in this bill are: (1) To relieve the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations; and (2) the requirement that in above-quota foreign purchases consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

HEARINGS ON PERMANENT LEGISLATION IN MAY

Amendments to the basic Sugar Act will be thoroughly considered in open hearings on the enactment of more permanent sugar legislation, which the chairman has stated will be scheduled as early as possible in May. At these hearings those interested in the various aspects of the Sugar Act will be given an opportunity to appear before the committee and express their points of view and the committee itself will have full opportunity to integrate the various proposals into the act as a whole and reach a mature and informed decision on an amendment and extension of the act which will best serve the national interest.

EFFECT OF THIS BILL

H.R. 5463 will amend those provisions of the Sugar Act respecting foreign purchases which were established by Public Law 86-592, as follows:

Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

(1) An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then

(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, The Netherlands, and Nationalist China; and then

(3) To the Republic of the Philippines 15 percent of the remainder; and then

(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then

(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

The bill continues the President's present authority to obtain refined sugar if raw sugar is not reasonably available.

ADEQUACY OF SUPPLIES

The committee has considered the matter of supplying the domestic market if no sugar is taken from Cuba during the remainder of 1961 and if the Dominican Republic supplies only its basic quota. With total domestic requirements at 10 million tons, Cuba normally would have obtained an annual quota of approximately 3,300,000 tons. The quota denied her during the first quarter of 1961 was 824,000 tons and for the rest of 1961 it would be close to 2½ million tons. It appears that there are from 3½ to 4 million tons of cane sugar available in producing countries other than Cuba and the Dominican Republic to fill this 2½-million-ton potential requirement.

The following tables show (A) the source of our sugar in 1960 and (B) quota and nonquota allocations for the first quarter of 1961.

TABLE A.—1960 sugar quotas and authorized nonquota purchase allocations

[Short tons, raw value]

Area and country	Quota adjusted for deficits	Authorized nonquota purchase allocation	Total
Domestic beet.....	2, 514, 945		2, 514, 945
Mainland cane.....	773, 873		773, 873
Hawaii.....	940, 444		940, 444
Puerto Rico.....	893, 620		893, 620
Virgin Islands.....	8, 618		8, 618
Cuba.....	2, 419, 655		2, 419, 655
Republic of the Philippines.....	980, 000	176, 426	1, 156, 426
Peru.....	138, 827	135, 000	273, 827
Dominican Republic.....	130, 957	321, 857	452, 814
Mexico.....	115, 899	284, 628	400, 437
Nicaragua.....	19, 766	22, 000	41, 766
Haiti.....	9, 105	26, 567	35, 672
Netherlands.....	4, 427	6, 129	10, 556
China (Formosa).....	4, 218	6, 258	10, 476
Panama.....	4, 218	6, 258	10, 476
Costa Rica.....	4, 202	6, 267	10, 469
Canada.....	631	1, 657	2, 288
United Kingdom.....	516	1, 355	1, 871
Belgium.....	182	478	660
British Guiana.....	84		84
Hong Kong.....	3	8	11
British West Indies and British Guiana.....	0	92, 765	92, 765
El Salvador.....		6, 000	6, 000
Guatemala.....		6, 000	6, 000
Brazil.....		100, 347	100, 347
Total.....	8, 964, 100	1, 200, 000	10, 164, 100
SUMMARY			
Domestic areas.....	5, 131, 500		5, 131, 500
Reduced Cuban quota.....	2, 419, 655		2, 419, 655
Other foreign countries.....	1, 412, 945	1, 200, 000	2, 612, 945
Total.....	8, 964, 100	1, 200, 000	10, 164, 100
Nonquota purchase sugar, not authorized.....			235, 900
Total determined U.S. sugar requirements.....			10, 400, 000

TABLE B.—*Sugar quotas established and nonquota purchase allocations authorized for the 3-month period ending Mar. 31, 1961*

[Short tons, raw value]

Area and country	(1) Quotas	(2) Direct consumption limits	(3) Nonquota purchase allocations authorized	(4) Total (1)+(3)
Domestic beet sugar.....	544,443	(1)	-----	544,443
Mainland cane sugar.....	167,531	(1)	-----	167,531
Hawaii.....	303,853	8,554	-----	303,853
Puerto Rico.....	317,716	37,076	-----	317,716
Virgin Islands.....	4,332	0	-----	4,332
Republic of the Philippines.....	245,000	14,980	122,683	367,683
Peru.....	30,377	2,724	215,090	245,377
Dominican Republic.....	27,789	2,429	222,723	250,512
Mexico.....	23,852	4,411	191,168	215,020
Nicaragua.....	4,368	2,909	16,009	20,368
Haiti.....	2,067	1,750	433	2,500
Netherlands.....	1,037	1,037	1,463	2,500
China (Formosa).....	995	995	11,505	12,500
Panama.....	995	995	1,505	2,500
Costa Rica.....	992	992	1,508	2,500
Canada.....	158	158	1,266	1,424
United Kingdom.....	129	129	1,034	1,163
Belgium.....	45	45	361	406
British West Indies and British Guiana.....	21	21	10,168	10,189
Hong Kong.....	1	1	8	9
El Salvador.....	-----	-----	2,000	2,000
Guatemala.....	-----	-----	2,000	2,000
Brazil.....	-----	-----	11,474	11,474
Ecuador.....	-----	-----	6,000	6,000
Colombia.....	-----	-----	6,000	6,000
Total.....	1,675,701	79,206	824,299	2,500,000

¹ No limit.

TRANSSHIPMENT OF CUBAN SUGAR

The purpose of the 1960 amendment of the Sugar Act was to enable the President to decide how much if any sugar should be imported from Cuba. It now develops that relatively small quantities of the sugar being obtained to replace supplies which the President decided should not be taken from Cuba have been refined, or could have been refined, from Cuban raw sugar in the countries from which we are purchasing refined sugar. The committee is of the opinion that the entire spirit and purpose of the 1960 amendment of the act is defeated whenever sugar is imported into this country, in replacement of Cuban sugar, from countries which themselves import Cuban sugar. Such transshipment of Cuban sugar, or of sugar made available by the importation of Cuban sugar, permits by indirection the very thing which has been directly prohibited under authority of the act. The committee suggests that measures be taken in the administration of the act to assure that hereafter sugar imported from any country to replace supplies not taken from Cuba is produced from sugar cane or sugar beets grown in such country and not made available for export by importation of Cuban sugar.

DOMESTIC PRODUCERS

As stated above, the committee will begin hearings in May to write long-term sugar legislation. The committee is well aware of the problems and aspirations of the domestic sugar-producing industry

and at that time spokesmen for prospective domestic producers of sugar beets and sugar cane will have the opportunity to fully present their views. It is the view of the committee that the Secretary of Agriculture should not reimpose acreage controls until the committee has held such hearings. Furthermore, it is the committee's hope that the Secretary will not find it necessary to reimpose sugar beet acreage controls during the life of the interim extension of the act reported herein.

COMMITTEE AMENDMENT

The committee amendment requires the President, in the course of authorizing the purchase of whatever quantities of sugar cannot be supplied in accordance with the formula of section 408(b)(2) by countries which have quotas under the act, to give consideration to other countries of the Western Hemisphere. There are a number of such countries and areas which are within a few sailing days of our Atlantic and gulf ports and so can meet quickly short-term fluctuations in market demand in this country. This ability gives such areas distinct advantage as sources of supply for our refineries. Many of these are natural areas for cane sugar production and in some of them the standard of living depends in very large part upon the exportation of sugar. The President is also directed to give consideration to those countries which purchase U.S. agricultural commodities. This would include full recognition of the export of American agricultural commodities pursuant to country-to-country agreements. The President may also take due cognizance of any such agreements which are in an advanced stage of negotiation at the time sugar purchases are authorized.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, and existing law in which no change is proposed is shown in roman):

* * * * *

SUGAR ACT OF 1948, AS AMENDED

* * * * *

SUSPENSION OF QUOTAS

SEC. 408. (a) Whenever pursuant to the provisions of this Act the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation, except as provided in section 207 of this Act, of all the provisions of title II above, and, thereafter, the operation of such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

(b) Notwithstanding the provisions of title II of this Act, [for the period ending March 31, 1961:] *for the period ending December 31, 1962:*

(1) The President shall determine notwithstanding any other provisions of title II, the quota for Cuba [for the balance of calendar year 1960 and for the three-month period ending March 31, 1961] *for the period ending December 31, 1962*, in such amount or amounts as he shall find from time to time to be in the national interest: *Provided, however,* That in no event shall such quota at any time exceed such amount as would be provided for Cuba under the terms of title II in the absence of the amendments made herein, and such determinations shall become effective immediately upon publication in the Federal Register of the President's proclamation thereof:

(2) For the purposes of meeting the requirements of consumers in the United States, the President is thereafter authorized to cause or permit to be brought or imported into or marketed in the United States, at such times and from such sources, including any country whose quota has been so reduced, and subject to such terms and conditions as he deems appropriate under the prevailing circumstances, a quantity of sugar, not in excess of the sum of any reductions in quotas made pursuant to this subsection: *Provided, however,* That any part of such quantity equivalent to the proration of domestic deficits to the country whose quota has been reduced may be allocated to domestic areas and the remainder of such quantity (plus any part of such allocation that domestic areas are unable to fill) shall be apportioned in raw sugar as follows:

(i) There shall first be purchased from other foreign countries for which quotas or prorations thereof of not less than three thousand or more than ten thousand short tons, raw value, are provided in section 202(c), such quantities of raw sugar as are required to permit importation in such calendar year of a total of ten thousand short tons, raw value, from such country;

(ii) There shall next be purchased from the Republic of the Philippines 15 per centum of the remainder of such importation;

(iii) The balance, including any unfilled balances from allocations already provided, shall be purchased from foreign countries having quotas under section 202(c), other than those provided for in the preceding subparagraph (i), in amounts prorated according to the quotas established under section 202(c); *except that any amount which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased: Provided,* That if additional amounts of sugar, including any amounts which would otherwise be purchased from any such country with which the United States is not in diplomatic relations, are required the President may authorize the purchase of such amounts from any foreign countries, without regard to allocation[;] *except that preference shall be given to those countries agreeing to purchase United States agricultural commodities;*

(3) If the President finds that raw sugar is not reasonably available, he may, as provided in (2) above, cause or permit to be imported such quantity of sugar in the form of direct-consumption sugar as may be required.

TERMINATION OF ACT

SEC. 412. [The powers vested in the Secretary under this Act shall terminate on March 31, 1961, except that the Secretary shall have power, until March 31, 1961, to make payments under title III under programs applicable to any crop year beginning prior to March 31, 1961.] *The powers vested in the Secretary under this Act shall terminate on December 31, 1962, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1962 and previous crop years.*

INTERNAL REVENUE CODE OF 1954

* * * * *

CHAPTER 37

Subchapter A—Sugar

SEC. 4501. IMPOSITION OF TAX.

(a) GENERAL.—There is hereby imposed upon manufactured sugar manufactured in the United States, a tax, to be paid by the manufacturer at the following rates:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein.

The manufacturer shall pay the tax with respect to manufactured sugar (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within 12 months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid). For the purpose of determining whether sugar has been sold or used within 12 months after it was manufactured, sugar shall be considered to have been sold or used in the order in which it was manufactured.

(b) IMPORT TAX.—In addition to any other tax or duty imposed by law, there is hereby imposed, under such regulations as the Secretary or his delegate shall prescribe, a tax upon articles imported or brought into the United States as follows:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein;

(3) on all articles composed in chief value of manufactured sugar, 0.5144 cent per pound of the total sugars therein.

(c) **TERMINATION OF TAX.**—No tax shall be imposed under this subchapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after **【September 30, 1961】** *June 30, 1963*. Notwithstanding the provisions of subsection (a) or (b), no tax shall be imposed under this subchapter with respect to unsold sugar held by manufacturer on **【September 30, 1961】** *June 30, 1963*, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date. With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under subsection (b) has been paid and which, on **【September 30, 1961】** *June 30, 1963*, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.

CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

SEC. 6412. FLOOR STOCKS REFUNDS.

* * * * *

(d) **SUGAR.**—With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 4501(b) has been paid and which, on **【September 30, 1961】** *June 30, 1963*, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar, if claim for such refund is filed with the Secretary or his delegate on or before **【September 30, 1961】** *June 30, 1963*.

MINORITY VIEWS

We have serious reservations about the foreign policy ramifications involved in this bill, particularly in singling out one nation for censure. It is our conviction that the Constitution of the United States has firmly fixed responsibility for the conduct of foreign policy upon the President and the executive branch of the Federal Government and not upon the Congress. We believe the Congress should provide such authority as is necessary for the President to meet this constitutional responsibility, but we do not believe that we should attempt in the Committee on Agriculture to provide in a farm bill specific authority to deal with one particular country on one particular commodity. Nor do we believe the Congress should take a specific foreign policy action when the Constitution reserves such action for the President using the offices of the Department of State. Our responsibility in sugar legislation is to assure the President sufficient authority to meet the foreign policy questions involved with all countries affected by the act.

The previous administration recognized this principle. On March 15, 1960, the Eisenhower administration in its formal request for sugar legislation stated as follows:

The proposed bill accordingly authorizes the President, whenever such action is necessary to insure adequate supplies of sugar or is otherwise required in the national interest, to reduce the quota for a calendar year for any foreign country, other than the Republic of the Philippines, without the necessity of waiting for additional legislation or for a critical situation to develop. For the same reason, provision is also made for obtaining replacement sugar supplies from other sources.

It is not known whether the need to exercise this authority will ever arise. If it does, each action would be with respect to a single year and would be made in a manner consistent with our international obligation. The circumstances under which the Presidential authority would be exercised cannot now be foreseen. For instance, early in a marketing year a large quantity of sugar might be needed and timing would be of secondary concern. Late in a marketing year timing of delivery might be of paramount importance, although only a small quantity might be involved. Accordingly, the Secretary is authorized to acquire replacement sugar in the manner he deems appropriate at the time such action may be taken.

The specific statutory language suggested by the Eisenhower administration provided in part as follows:

* * * (2) For the purposes of meeting the requirements of consumers in the United States, the Secretary is authorized to cause or permit to be imported into the United States,

in such manner, from such sources, and subject to such terms and conditions as he deems appropriate under the prevailing circumstances, a quantity of raw sugar, not in excess of the sum of any reductions in quotas made pursuant to this subsection; * * *.

We therefore recommend that H.R. 5463 be amended to give the President sufficiently broad authority to carry out his clear constitutional responsibility in conducting the foreign policy of our Nation.

ALBERT H. QUIE.

DON L. SHORT.

RALPH F. BEERMANN.

ADDITIONAL MINORITY VIEWS

I voted for H.R. 5463 in the form finally approved by the House Committee on Agriculture, recognizing the great necessity for action on this measure prior to March 31, 1961, but I supported amendments offered in committee to extend the Sugar Act for 9 months and 15 months, in lieu of the 21-month extension provided for in the bill reported. Though defeated, the amendments offered point up the urgent need of permanent legislation which will provide both opportunity and protection for new growers, not only in western Kansas but in other areas where the sugar beet potential is formidable. It appears to me and many, many potential new growers that the 21-month extension will only delay expansion of the sugar beet industry for 2 or 3 years at the very time action should be taken to encourage potential new growers, for the economic benefit to the farmer and the beet processor is in turn spread through the community in new jobs, new payrolls, and ultimately new related and unrelated businesses.

Potential new growers have waited long enough. I trust the chairman of the committee will proceed with hearings, as indicated, so that long-term sugar legislation may be enacted at the earliest possible time.

ROBERT DOLE.
PAUL FINDLEY.

ADDITIONAL MINORITY VIEWS

I am for the proposition of taking up long-term legislation immediately. I am going along with this comparatively short extension because of the assurance of the chairman that long-range sugar hearings will be held in May.

I think it is imperative that long-range sugar legislation be passed this session in order to permit processors to expand their existing facilities and to permit new facilities to be built. Only through this method can farmers desiring to produce sugar beets be assured the opportunity to do so.

DELBERT L. LATTA.

87TH CONGRESS
1ST SESSION

H. R. 5463

[Report No. 79]

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1961

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

MARCH 14, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend and extend the Sugar Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That, effective March 31, 1961, section 412 of the Sugar
4 Act of 1948 (relating to termination of the powers of the
5 Secretary under the Act) is amended to read: "The powers
6 vested in the Secretary under this Act shall terminate on
7 December 31, 1962, except that the Secretary shall have
8 power to make payments under title III under programs
9 applicable to the crop year 1962 and previous crop years".

10 SEC. 2. (a) Section 4501 (c) (relating to termination
11 of taxes on sugar) of the Internal Revenue Code of 1954 is

1 amended by striking out "September 30, 1961" in each
2 place it appears therein and inserting in lieu thereof "June
3 30, 1963".

4 (b) Section 6412 (d) (relating to refund of taxes on
5 sugar) of the Internal Revenue Code of 1954 is amended
6 by striking out "September 30, 1961" where it first appears
7 therein and inserting in lieu thereof "June 30, 1963", and
8 by striking out "September 30, 1961" where it appears
9 therein the second time and inserting in lieu thereof "Sep-
10 tember 30, 1963".

11 SEC. 3. Effective March 31, 1961, section 408 of the
12 Sugar Act of 1948, as amended (relating to suspension of
13 quotas), is amended by striking out of subsection (b) "for
14 the period ending March 31, 1961" and inserting "for the
15 period ending December 31, 1962"; and by striking out of
16 paragraph (b) (1) "for the balance of calendar year 1960
17 and for the three-month period ending March 31, 1961"
18 and inserting "for the period ending December 31, 1962";
19 and by inserting immediately before the colon in subpara-
20 graph (2) (iii) of subsection (b) a semicolon and the words
21 "except that any amount which would be purchased from any
22 country with which the United States is not in diplomatic
23 relations need not be purchased" and by inserting in the
24 "provided" clause a comma after the phrase "additional
25 amounts of sugar" and inserting immediately thereafter the

1 phrase "including any amounts which would otherwise be
2 purchased from any such country with which the United
3 States is not in diplomatic relations,"; and by striking out the
4 semicolon at the end of subparagraph (b) (2) (iii) and in-
5 serting "~~except that preference shall be given to those coun-~~
6 ~~tries agreeing to purchase United States agricultural com-~~
7 ~~modities;~~" "*except that consideration shall be given to coun-*
8 *tries of the Western Hemisphere and to those countries pur-*
9 *chasing United States agricultural commodities;*".

87TH CONGRESS
1ST SESSION

H. R. 5463

[Report No. 79]

A BILL

To amend and extend the Sugar Act of 1948,
as amended.

By Mr. COOLEY

MARCH 10, 1961

Referred to the Committee on Agriculture

MARCH 14, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

March 20, 1961

contrary to the best interests of the program, to permit an undue quantity of grain to be put on the market. If a certificate is not presented for redemption within 30 days of its issuance reasonable storage and other charges as determined by the Secretary, beginning 30 days after issuance of the certificate and ending with its presentation for redemption, would be deducted from the value of the certificate. However, if the Department elected to hold producers' certificates off the market longer than 30 days after their issuance, producers would not have to bear storage and other charges, since the time of the marketing of the certificates would not be within their control, but would be wholly within the control of the Department. Under the language of section 3 the Secretary is required to deduct only such storage and other charges as he determines to be reasonable and this would give him ample authority to relieve the producer of storage and other charges under these circumstances.

"Section 4 of the conference substitute *** provides that the Secretary shall submit to Congress, within 90 days after the effective date of this act, a detailed report on the progress, cost, and reduction of surpluses under the program, and other relevant information."

1. SURPLUS COMMODITIES; FOREIGN TRADE. The Agriculture Committee voted to report (but did not actually report) H. R. 4728, to amend Public Law 480 so as to authorize \$2 billion additional under title I for sales of surplus commodities for foreign currencies in 1961. p. D1777

3. SUGAR. As reported by the Agriculture Committee, H. R. 5463 extends the Sugar Act from March 31, 1961, to December 31, 1962, relieves the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations, and requires that in authorizing the purchase of quantities of sugar which cannot be supplied by countries which have quotas under the Act consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U. S. agricultural commodities.

The committee report includes the following statement regarding the effect of the bill on foreign purchases:

"H. R. 5463 will amend those provisions of the Sugar Act respecting foreign purchases which were established by Public Law 86-592, as follows:

"Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

"(1) An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then

"(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, The Netherlands, and Nationalist China; and then

"(3) To the Republic of the Philippines 15 percent of the remainder; and then

"(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, 'except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased'; and then

"(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U. S. agricultural commodities.

"The bill continues the President's present authority to obtain refined sugar if raw sugar is not reasonably available."

The committee report includes the following statement regarding later enactment of more permanent sugar legislation:

"Amendments to the basic Sugar Act will be thoroughly considered in open hearings on the enactment of more permanent sugar legislation, which the chairman has stated will be scheduled as early as possible in May. At these hearings those interested in the various aspects of the Sugar Act will be given an opportunity to appear before the committee and express their points of view and the committee itself will have full opportunity to integrate the various proposals into the act as a whole and reach a mature and informed decision on an amendment and extension of the act which will best serve the national interest."

4. FOREIGN CURRENCIES. Received from the Merchant Marine and Fisheries and Education and Labor Committees reports on the expenditures of foreign currencies in connection with foreign travel by Members and employees of the committees. pp. 4051-2

5. LEGISLATIVE PROGRAM. Rep. McCormack announced that the following items are scheduled for today, Mar. 21: Conference report on the feed grains bill, consideration of the sugar bill under motion to suspend the rules, and the call of the Consent and Private Calendars. p. 4041

SENATE

6. FARM LOANS. Passed without amendment H. R. 1822, to increase from 10 to 25 percent the portion of the annual appropriation for Farmers Home Administration operating loans that may be used for loans to borrowers whose operating loan indebtedness would exceed \$10,000. This bill will now be sent to the President. p. 4031

7. RESEARCH; FOOD INSPECTION. Passed as reported S. 1028, to amend the Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959 so as to authorize the Secretary of Agriculture to extend beyond March 5, 1961, the effective date of the registration and enforcement provisions of the Federal Insecticide, Fungicide, and Rodenticide Act with respect to nematocides, plant regulators, defoliants, and desiccants. pp. 4031-2

8. NOMINATIONS. Received the nominations of Charles S. Murphy, John P. Duncan, Frank J. Welch, James T. Ralph, Horace Godfrey, and Willard Cochrane to be members of the CCC Board of Directors. p. 4040

9. PEACE CORPS. Sen. Young, O., commended the President's action establishing a Peace Corps, stating that it "embodies the spirit that moved this country to greatness." p. 4034

10. RECLAMATION. The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendments, S. 107, to authorize construction of the Navajo Indian irrigation project and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

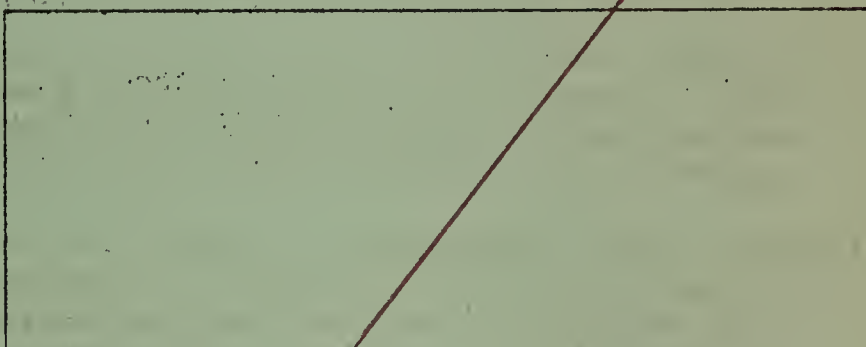
OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

CONTENTS

Issued March 22, 1961
For actions of March 21, 1961
87th-1st, No. 49

See page 6 for contents



HIGHLIGHTS: House agreed to conference report on feed grains bill. House passed sugar bill. Senate agreed to consider feed grains conference report Wednesday. House committee voted to report depressed areas bill. House subcommittee voted to report bill to extend Reorganization Act. Senate received Bagwell nomination. Rep. Schwengel criticized President's farm message.

HOUSE

1. **FEED GRAINS.** By a vote of 231 to 185, agreed to the conference report on H.R. 4510, to provide a special program for feed grains for 1961 (pp. 4144-51). See Digest 48 for a summary of the bill as reported by the conference committee.
2. **SUGAR.** By a vote of 284 to 129, passed under suspension of the rules H.R. 5463, to amend and extend the Sugar Act (pp. 4151-60). See Digest 48 for a summary of the bill as reported by the Agriculture Committee.
3. **DEPRESSED AREAS.** The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 1, the depressed areas bill (p. D184). The Committee was granted permission until midnight Tues., Mar. 21, to file a report on the bill (p. 4137).
4. **REORGANIZATION.** The "Daily Digest" states that the Executive and Legislative Reorganization Subcommittee of the Government Operations Committee "met in executive session and rescinded amendments, adopted February 28, to S. 153, to further amend the Reorganization Act of 1949. The bill was again ordered reported to the full committee." p. D184

5. RESEARCH; FOOD INSPECTION. Passed without amendment S. 1028, to amend the Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959 so as to authorize the Secretary of Agriculture to extend beyond March 5, 1961, the effective date of the registration and enforcement provisions of the Federal Insecticide, Fungicide, and Rodenticide Act with respect to nematocides, plant regulators, defoliants, and desiccants. This bill will now be sent to the President. A similar bill, H.R. 4662, was tabled. p. 4138
6. FORESTRY; RECREATION. Passed without amendment S. 449, to extend from Sept. 1, 1961, to Jan. 31, 1962, the time within which the Outdoor Recreation Resources Review Commission may make its final report. This bill will now be sent to the President. A similar bill, H.R. 2204, was tabled. p. 4138
7. UNEMPLOYMENT COMPENSATION. Received the conference report on H.R. 4806, to provide for the establishment of a temporary program of extended unemployment compensation for unemployed workers, including Federal employees and veterans (H. Rept. 183)(pp. 4135-7). House conferees were appointed earlier (p. 4135).
8. FARM PROGRAM. Rep. Schwengel criticized the President's farm message as containing "no new ideas on how to solve the farm problem," stated that enactment of his proposals "would be abrogating our responsibility as Congressmen," and urged enactment of a bill he had introduced to expand the conservation reserve program. pp. 4185-7
9. LABOR STANDARDS. The Rules Committee reported a resolution for consideration of H.R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage gradually to \$1.25 an hour. p. 4160
10. WATERSHEDS. The "Daily Digest" states that the Conservation and Credit Subcommittee of the Agriculture Committee approved watershed projects for Ky., N. Mex., Hawaii, and Fla., and passed over various other watershed projects for the States of S.C., Va., and Ky.-Tenn. p. D184
11. PERSONNEL; BONDING. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee H.R. 2554, to repeal Sec. 14(c) of title 6 of the U. S. Code requiring an annual report by the Secretary of the Treasury with respect to the bonding of Federal employees. p. D185
12. TEXTILE IMPORTS. Rep. Lane urged greater restrictions on the importation of textiles and textile products. p. 4174

SENATE

13. FEED GRAINS. Received the conference report on H.R. 4510, to provide a special program for feed grains for 1961 (p. 4105). Agreed to a unanimous-consent request by Sen. Mansfield to consider the conference report on Wed., Mar. 22, with debate to be limited to 1½ hours (p. 4130).
14. NOMINATION. Received the nomination of John C. Bagwell to be General Counsel of this Department. p. 4131

Breeding	Hollfield	O'Hara, Mich.
Brooks, Tex.	Holland	Olsen
Burke, Ky.	Holtzman	O'Neill
Burke, Mass.	Huddleston	Passman
Byrne, Pa.	Hull	Patman
Cannon	Ichord	Perkins
Carey	Ikard	Peterson
Celler	Inouye	Pfost
Chelf	Jarman	Philbin
Clark	Jennings	Plicher
Coad	Jensen	Poage
Cohelan	Johnson, Calif.	Price
Colmer	Johnson, Md.	Pucinski
Cook	Johnson, Wis.	Quile
Cooley	Jones, Ala.	Rains
Corman	Jones, Mo.	Randall
Cunningham	Karsten	Reifel
Daddario	Kartha	Reuss
Daniels	Kastenmeier	Rhodes, Pa.
Davis	Kee	Riley
Davis, James C.	Kelly	Rivers, Alaska
Davis, John W.	Keogh	Rivers, S.C.
Davis, Tenn.	Kilday	Roberts
Dawson	King, Calif.	Rodino
Denton	King, Utah	Rogers, Colo.
Diggs	Kirwan	Rogers, Tex.
Dingell	Kitchin	Rooney
Dole	Kluczynski	Roosevelt
Donohue	Kornegay	Rostenkowski
Downing	Kowalski	Rutherford
Doyle	Kyl	Ryan
Edmondson	Landrum	Santangelo
Elliot	Lane	Saund
Ellsworth	Langen	Scott
Everett	Lankford	Selden
Evins	Lennon	Shelley
Fallon	Lesinski	Sheppard
Farbstein	Libonati	Shipley
Fascell	McCormack	Sikes
Finnegan	McDowell	Sisk
Flood	McFall	Slack
Flynt	McMillan	Smith, Iowa
Forrester	McSween	Smith, Miss
Fountain	Machrowicz	Spence
Frazier	Madden	Springer
Friedel	Magnuson	Steed
Garmatz	Mahon	Stephens
Gathings	Marshall	Stubblefield
Glaimo	Matthews	Sullivan
Gilbert	May	Taylor
Granahan	Miller, Clem	Thomas
Grant	Miller, George P.	Thompson, N.J.
Gray	Mills	Thompson, Tex.
Green, Oreg	Moeller	Thornberry
Green, Pa.	Monagan	Toll
Griffiths	Moorhead, Pa.	Trimble
Gross	Morgan	Ullman
Hagan, Ga.	Morrison	Vinson
Hagen, Calif.	Moss	Walter
Hansen	Moulder	Watts
Harding	Multer	Weaver
Hardy	Murphy	Whitener
Harris	Natcher	Whitten
Healey	Nelsen	Wickersham
Hébert	Nix	Willis
Hechler	O'Brien, Ill.	Yates
Hemphill	O'Brien, N.Y.	Young
Henderson	O'Hara, Ill.	Zablocki
Hoeven		Zelenko

NAYS—185

Adair	Casey	Fulton
Alford	Cederberg	Garland
Alger	Chamberlain	Gary
Anderson, Ill.	Chenoweth	Gavin
Arends	Chiperfield	Glenn
Ashbrook	Church	Goodell
Auchincloss	C'ancy	Goodling
Ayers	Collier	Groffin
Baker	Conte	Gubser
Baldwin	Corbett	Haley
Barry	Cramer	Halleck
Bass, N.H.	Curtin	Halpern
Bates	Curtis, Mass.	Harrison, Va.
Battin	Curtis, Mo.	Harrison, Wyo.
Becker	Dague	Harsha
Beckworth	Dent	Harvey, Ind.
Beermann	Deroulian	Harvey, Mich.
Belcher	Derynski	Hays
Bell	Deyne	Herlong
Bennett, Mich.	Dominick	Hiestand
Betts	Dooley	Hoffman, Ill.
Bolton	Dorn	Hoffman, Mich.
Bow	Dowdy	Horan
Bray	Dulski	Hosmer
Brewster	Durno	Joelson
Bromwell	Dwyer	Johansen
Brooks, La.	Felghan	Jonas
Broomfield	Fenton	Judd
Brown	Flindley	Kearns
Brohill	Fino	Kelth
Bruce	Fisher	Kilburn
Burleson	Fogarty	Kilgore
Byrnes, Wis.	Ford	King, N.Y.
Cahill	Frelinghuysen	Knox

Laird	Norblad	Shriver
Latta	Nygaard	Sibal
Lindsay	Osmer	Siler
Lipscomb	Ostertag	Smith, Calif.
Loser	Pelly	Smith, Va.
McCulloch	Pike	Stafford
McIntire	Pillion	Staggers
McVey	Pirnie	Stratton
MacGregor	Poff	Taber
Mack	Ray	Teague, Calif.
Mailliard	Rhodes, Ariz.	Teague, Tex.
Martin, Mass.	Riehlman	Thomson, Wis.
Martin, Nebr.	Robison	Tollefson
Mason	Rogers, Fla.	Tuck
Mathias	Roudebush	Utt
Meader	Roussellot	Vanik
Merrow	St. George	Van Pelt
Michel	St. Germain	Van Zandt
Miller, N.Y.	Saylor	Wallhauser
Millikin	Schadeberg	Weis
Minshall	Schenck	Westland
Montoya	Scherer	Whalley
Moore	Schneebell	Wharton
Moorehead,	Schweiker	Widnall
Ohio	Schwengel	Williams
Morris	Scranton	Wilson, Ind.
Morse	Seely-Brown	Winstead
Murray	Short	Younger

NOT VOTING—15

Blatnik	McDonough	Rabaut
Buckley	Macdonald	Thompson, La.
Delaney	Mosher	Tupper
Gallagher	O'Konski	Wilson, Calif.
Hall	Powell	Wright

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Rabaut for, with Mr. Hall against.

Mr. Buckley for, with Mr. Wilson of California against.

Mr. Gallagher for, with Mr. McDonough against.

Mr. Delaney for, with Mr. Mosher against.

Mr. Thompson of Louisiana for, with Mr. O'Konski against.

Mr. Macdonald for, with Mr. Tupper against.

Mr. BARRY changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL EDUCATION SUBCOMMITTEE OF THE COMMITTEE ON EDUCATION AND LABOR

Mr. THOMPSON of New Jersey. Mr. Speaker, I ask unanimous consent that the General Education Subcommittee of the Committee on Education and Labor be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

EXTEND AND AMEND THE SUGAR ACT

Mr. COOLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective March 31, 1961, section 412 of the Sugar Act of 1948 (relating to termination of the powers of the Secretary under the Act) is amended to read: "The powers vested in the Secretary under this Act shall terminate on December 31, 1962, except that the Secre-

tary shall have power to make payments under title III under programs applicable to the crop year 1962 and previous crop years".

Sec. 2. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "September 30, 1961" in each place it appears therein and inserting in lieu thereof "June 30, 1963".

(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "September 30, 1961" where it first appears therein and inserting in lieu thereof "June 30, 1963", and by striking out "September 30, 1961" where it appears therein the second time and inserting in lieu thereof "September 30, 1963".

SEC. 3. Effective March 31, 1961, section 408 of the Sugar Act of 1948, as amended (relating to suspension of quotas), is amended by striking out of subsection (b) "for the period ending March 31, 1961" and inserting "for the period ending December 31, 1962"; and by striking out of paragraph (b)(1) "for the balance of calendar year 1960 and for the three-month period ending March 31, 1961" and inserting "for the period ending December 31, 1962"; and by inserting immediately before the colon in subparagraph (2)(iii) of subsection (b) a semicolon and the words "except that any amount which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased" and by inserting in the "provided" clause a comma after the phrase "additional amounts of sugar" and inserting immediately thereafter the phrase "including any amounts which would otherwise be purchased from any such country with which the United States is not in diplomatic relations,"; and by striking out the semicolon at the end of subparagraph (b)(2)(iii) and inserting "except that consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities;".

The SPEAKER. Is a second demanded?

Mr. HOEVEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. COOLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, certainly within the time now available to me it will not be possible to discuss in detail or with any satisfaction the sugar program as we have known it and as it has operated through all the years. I do want to say, however, that after many, many conferences, after hearings with the Secretary of State, and after several executive sessions, our committee decided to recommend to you the passage of the bill which is now before you, providing only for a 21-month extension of the Sugar Act. Unless this bill is enacted, the sugar program would expire at midnight on March 31, 1961. If that should happen, chaos would prevail in the sugar markets of America and perhaps in the sugar markets of the world. Many people engaged in the sugar industry would probably face bankruptcy and ruin because their inventories are now built up on sugar based upon the prevailing price in our domestic market which is, as you know, substantially above world market levels.

To the end that you might have an understanding as to the support which this bill has, I call your attention to a

letter I have. After conferences were held by the representatives of the sugar industry from the Hawaiian Islands to Puerto Rico and all of the sugar areas of our mainland, I received on February 9, 1961 this letter, which I should like to read to you:

DEAR MR. CONGRESSMAN: This is a confirmation of our telephone conversation of last week.

All segments of the domestic sugar industry will heartily support your efforts promptly to obtain an extension of the Sugar Act for a period up to 21 months.

The industry believes, however, that a short-term extension of the Sugar Act should not delay an effort also to obtain long-range legislation at this session of Congress. It is our understanding that you concur in this view.

In the past, the industry has not felt qualified to pass upon any emergency Presidential power affecting the Dominican Republic which may be required in any extension of the act; nor does it now.

As you know the act expires on March 31 of this year. All who know the requirements of consumers of this country, whether by way of household packages or industrial products, know that the national sugar policy embodied in the Sugar Act should be extended by law well before this March 31 deadline.

We deeply appreciate the consideration which you and your colleagues on the committee have given to the problems of our industry.

Very sincerely yours,

For the Puerto Rican Sugar Producing Industry: Dudley Smith, Vice President, Association of Sugar Producers of Puerto Rico; for the Hawaiian Sugar Producing Industry: Sanford L. Platt, Vice President, Hawaiian Sugar Planters' Association; for the Louisiana and Florida Sugar Producing Industry: Josiah Ferris, Washington Representative; for the U.S. Cane Sugar Refining Industry: Irvin A. Hoff, Executive Director, U.S. Cane Sugar Refiners' Association; for the Domestic Beet Sugar Producing Industry: Loren S. Armbruster, Secretary, Farmers & Manufacturers Beet Sugar Association, Saginaw, Mich.; Richard W. Blake, Executive Secretary, National Beet Growers Federation, Greeley, Colo.; Gordon Lyons, Executive Manager, California Beet Growers Association, Ltd., Stockton, Calif.; E. W. Rising, Executive Vice President, Western Sugar Beet Growers Association, Washington, D.C.; Merrill E. Shoup, President, Holly Sugar Corp., Colorado Springs, Colo.; A. E. Benning, Executive Vice President and General Manager, the Amalgamated Sugar Co., Ogden, Utah; Frank A. Kemp, President, the Great Western Sugar Co., Denver, Colo.; Robert H. Shields, President and General Counsel, U.S. Beet Sugar Association, Washington, D.C.

In addition to these representatives of the domestic sugar industry, I have a letter dated February 20, 1961, signed by Mr. Joseph M. Creed for and on behalf of the industrial sugar users group.

Without reading the letter, which I will insert in the RECORD, I need only to tell you that these industrial users also agree to this 21 month extension and say they have no objection to it under the circumstances, and that they would urge prompt action on any such extension.

The letter is as follows:

AMERICAN BANKERS ASSOCIATION,
February 20, 1961.

HON. HAROLD D. COOLEY,
Chairman, House Agriculture Committee,
U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN COOLEY: The Industrial Sugar Users Group believes that your proposed extension of existing sugar legislation for a 21-month period through December 31, 1962, is a practical solution for a temporary disposition of sugar legislation.

We recognize that time is not available to develop a long range legislative sugar program prior to the expiration of the present Law on March 31.

The proposed 21-month extension is not objectionable under the circumstances and we would urge prompt action on such an extension.

We are hopeful that the House Agriculture Committee will also move promptly to develop a long range sugar program to supersede the temporary extension.

With kind personal regards.

Sincerely,

JOSEPH M. CREED,
For and on behalf of the Industrial
Sugar Users Group.

The following is a letter endorsing this legislation:

PHILIPPINE SUGAR ASSOCIATION
Washington, D.C., February 15, 1961.
HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

MY DEAR MR. CHAIRMAN: I have read with interest the subject bill introduced by you on February 2, 1961.

The purpose of this note is to advise you that the Philippine sugar industry endorses this legislation wholeheartedly.

With personal regards and best wishes.

Sincerely yours,

JOHN A. O'DONNELL.

MR. ALBERT. Mr. Speaker, will the gentleman yield?

MR. COOLEY. I yield to the gentleman from Oklahoma.

MR. ALBERT. The gentleman does know in the beet sugar growing area there is a lot of opposition to extending this act for a period of 21 months, and that there is no provision in this legislation for new American growers to participate so that mills can be built in those areas. Is that not an accurate statement?

MR. COOLEY. I would like for all the people who are interested in expanding the production of sugar on the mainland of America to know there is nothing that will prevent any farmer from growing all of the sugar beets he wants to grow during the year 1961, and probably there will be no restrictions placed on his efforts in 1962.

MR. ALBERT. That is not answering the question. The answer to the question is—you are not going to get a mill on the basis of what they can plant.

MR. COOLEY. You are not ever going to get a mill based on Federal legislation because the Federal Government never in the history of the Republic has built a sugar mill.

MR. ALBERT. No.

MR. COOLEY. The only thing they can do is to make the acreage available to new areas and new growers. All this

acreage is now available to the new areas and to the new growers. What else do you want?

MR. ALBERT. But, they cannot depend on it—that is the whole point.

MR. COOLEY. How can you ever depend on it? What is a new grower and what is a new area? Now you are not talking about new growers and new areas, you are talking about small growers and small growing areas. I have assured the gentlemen who are interested, and I am in sympathy with their problem, that probably early in May, just as soon as we can clear our decks in the Committee on Agriculture, we will start hearings and I will give them the very first opportunity to be heard. But there is no way by Federal law to guarantee to any area that a sugar mill will be built.

MR. ROGERS of Texas. Mr. Speaker, will the gentleman yield?

MR. COOLEY. I yield to the gentleman from Texas.

MR. ROGERS of Texas. I hope the gentleman from North Carolina will explain to the House his statement that anybody can plant as many sugar beets as he wants to does not mean anything. Is it not a fact that 45 percent of our sugar is brought in here from foreign countries and that 3 million tons formerly assigned to Cuba will all go to other foreign countries. American farmers are denied participation.

MR. COOLEY. The growth provision provides 45 percent.

MR. ROGERS of Texas. 45 percent of our domestic requirements come from foreign countries; is that not correct?

MR. COOLEY. No, I do not think it is as much as 45 percent.

MR. ROGERS of Texas. Well, how much is it? The record shows 45 percent. Surely the gentleman knows the answer to my question.

MR. COOLEY. I am not arguing about the new grower provision. If you are not satisfied with the assurances given you that we will start the hearings early in May, you know what the situation is as well as I do.

MR. ROGERS of Texas. Now the gentleman can tell how much sugar is imported from foreign countries into this country. Why will he not do it? Why are the facts being hidden from the American public?

MR. COOLEY. We have about 9 or 10 million tons' consumption, and I do not know just exactly how much was imported. I believe about 55 percent is from domestic sources but what difference does it make?

MR. ROGERS of Texas. It makes this difference. The American farmer is being required to foot the bill for foreign aid, yet he is denied the right to grow non-surplus crops, being produced by those countries.

MR. COOLEY. What difference does it make?

MR. ROGERS of Texas. The fact of the matter is that 3 million tons of the Cuban quota is being handed over to other foreign nations, and the American farmer is being denied the opportunity to produce even 1 pound more. A giant

killing is being made at the expense of the American farmer.

Mr. COOLEY. It was 3,250,000 tons and, Mr. Speaker, I do not yield any further to the gentleman but I would like to discuss briefly this new grower proposition.

Texas has no monopoly on the desire to grow sugar beets. There are at least 21 other States—all the way from Maine to Oregon—where there are new growers or new areas which would like to get into the sugar beet business.

Every proposal that has been made on behalf of these new growers would take something away from someone else. Their proposal that 75 percent of the domestic share of the increase in our annual consumption be assigned to new producers would have denied to Hawaii, Puerto Rico, and the Virgin Islands a share in our increased consumption which the law now gives them and would have changed the share of that consumption which now goes to mainland cane production.

There are no restrictions this year on the planting of sugar beets and sugarcane in the United States and the committee has asked in its report that there be no acreage restrictions next year. Any farmer in the United States—in Texas or anywhere else—who wants to plant sugar beets or sugarcane is free to do so and when acreage allotments are again placed into effect, his history of planting the commodity will be the basis of an allotment.

There is no restriction of any kind on the establishment of a new beet sugar factory—in Texas or anywhere else. If producers in Texas want to grow more sugar beets and participate in the domestic beet sugar quota, they might follow the example of cane producers in Florida and build a sugar mill which would have to be taken into consideration in any future quota allotments.

An additional beet quota would be useless at this time. Beets fell 350,000 tons short of filling their quota in 1960.

Those asking for special consideration for farmers who would like to get into the sugar beet business are making the unreasonable demand on the committee that it do something in a few days that affects every segment of the sugar industry and which can only be done after every interested party has had an opportunity to be heard.

Every major segment of the sugar industry has agreed to a 21-month extension of the law without change of its basic quota elements but if a change in these basic quota provisions were made at the request of new growers every one of these segments of the industry would want to be heard and would have a right to be heard—consumers, industrial users, the established domestic beet industry, the domestic cane industry, Hawaii, Puerto Rico, refiners, representatives of foreign sugar producers—and all the other people interested in the operation of our Sugar Act. Every one of these has agreed that the course the committee has chosen is the best one—to extend the Sugar Act temporarily for 21 months and to start hearings as early as possible on a more permanent revision of the basic provisions of the act.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. I have in my hands a copy of the Boston Daily Record of Saturday, February 25, 1961. The headline says "Canada Pours Cuban Sugar Into United States":

Cuban sugar is flowing into the United States legally from Canadian refineries at the expense of local ones, circumventing the Presidential order against sugar imports from Castro-land, the Daily Record learned yesterday.

About 7 million pounds of Cuban sugar has entered this country after being refined in Montreal, Toronto, and St. Johns, New Brunswick, since January.

I have in my area two sugar refineries and I met with both management and labor. They protested this. Presently, in the bonded warehouses in Boston, there are 10 million pounds of sugar being stored waiting for renewal of this sugar act so that this sugar will be released on April 1.

I vociferously and vigorously protest this. I think this is wrong. The protest was sent to Mr. Hoffman and to Mr. Louis Mayer, Director of U.S. Department of Agriculture. He sent a letter back saying:

The country of manufacture or production shall be considered the country of origin. Further work or material added to an article in another country must affect a substantial transformation in order to render such other country the country of origin. * * * The processing of raw sugar into refined sugar has been considered to affect a substantial transformation.

Mr. COOLEY. Will the gentleman permit me to interrupt him?

The SPEAKER pro tempore. The time of the gentleman from North Carolina has again expired.

Mr. COOLEY. Mr. Speaker, I yield myself 1 additional minute.

I have read all of this correspondence. The committee has decided to close up the loophole which I think the gentleman is complaining about. Certainly we do not intend to tolerate any circumvention of the clear intent or meaning of this law. We have put it into the report. The gentleman will find it on page 4 of the report under the heading "Transshipment of Cuban Sugar." We understand the Department will prevent sugar being shipped from Cuba and refined in Canada and then shipped into the United States.

It will be noted that the committee has indicated in this paragraph of its report that processed sugar made from Cuban raw sugars may not be hereafter imported into the United States. This is not intended to affect any processed sugar presently in the country under application to the Department of Agriculture. It is our understanding that there is a small quantity which has been brought in under existing regulations and it is not our intention to adversely affect that particular sugar. However, there is to be none brought in in the future which has been made from Cuban raw sugar.

I think the gentleman will be entirely satisfied with the provisions we have in our report.

Mr. Speaker, in response to several questions which I do not have the time to answer orally, I am placing in the RECORD at this point answers to some of these questions:

Question. Does the committee amendment mean that ex-quota purchases of sugar will be made only from Western Hemisphere countries?

Answer. No, it does not. The committee amendment must be read in the light of the overall purpose of the Sugar Act and of the amendment made to the Sugar Act in the law we passed last July. This overall purpose is to assure consumers in the United States an adequate supply of sugar. This is the overriding consideration which will guide procurement of sugar outside of our quota system to replace the sugar we are not getting from Cuba. Reference to the Western Hemisphere was put in the amendment because the committee is acutely aware of the fact that some of our smaller neighbors in the Western Hemisphere are not permitted to participate in our sugar program at this time and it felt that as long as we are buying sugar throughout the world to replace the Cuban drawback, we should take this opportunity to assist the economies of these friendly Western Hemisphere countries.

Question. Does the Western Hemisphere include the Islands of Martinique and Guadeloupe and the British West Indies?

Answer. On the map used by the committee it certainly does. I understand that the State Department does not consider some of the Caribbean Islands as part of the Western Hemisphere because they are territories of or affiliated with European countries. As far as the committee is concerned, we believe that any island or area or country in the physical area of the Western Hemisphere is part of the Western Hemisphere for purposes of this bill. That was the reason for putting the word "areas" in our amendment rather than confining it to just "countries."

Question. Does this emphasis on Western Hemisphere countries mean that a country outside the Western Hemisphere, which might also be friendly, and which might have a relatively small amount of sugar it would like to sell to the United States, will be excluded? Would this exclude the Fiji Islands, for example?

Answer. No, it would not. As I have already stated, the basic purpose of the Sugar Act and of all the amendments we have made to it is to assure U.S. consumers of an adequate supply of sugar and to protect the domestic sugar producing industry. There will be a rather substantial quantity of sugar to be obtained outside our quota system during this calendar year and I would assume that those in charge of carrying out this program will obtain that sugar wherever it can be found in the world.

Question. What is meant by the requirement that consideration is to be given those countries purchasing U.S. agricultural commodities? Does this mean that we will limit our ex-quota sugar purchases to those countries which are our best customers?

Answer. No, it does not. Here again, this provision must be read in the light of the overriding purpose of the act which is to provide us with adequate sugar supplies. It would obviously be silly to require that those in charge of obtaining this sugar should go down the foreign trade list and first try to obtain sugar supplies from those countries which the statistics show have purchased the most agricultural commodities from us. This is not the intent of this provision. On the contrary, the intent is that the administrators of the Sugar Act will use this authority when they find an opportunity to move additional American agricultural commodities on a quid pro quo basis in obtaining our ex-quota sugar and will give special consideration to such proposals.

It is likely that this authority will not be used very frequently but, on the other hand, the committee wants the President to have this authority, if there is an opportunity to use it and an indication of congressional approval of this type of transaction. It is anticipated that this consideration will come into operation only when some country which has some sugar it would like to sell the United States comes in with a specific proposal to take U.S. agricultural commodities in return for our purchase of their sugar. It is an order to give the President the authority which those administering the program said he did not have last year when they turned down some proposals which were made on exactly this basis. For example, last year, Brazil was willing to take a very substantial quantity of our wheat in return for our purchase of some of their sugar. They came to the Department of Agriculture with this proposal and were told that there was no authority to make this kind of an arrangement. Subsequently, Brazil bought a large quantity of wheat from Communist Russia to fill their needs—the first such purchase they have ever made. It is in order to authorize the President to make this kind of a transaction that this language has been placed in the amendment.

May I say further that in considering this bill, the committee has not deemed it appropriate to go into any of the actions which may have been taken in the past and has dealt only with the urgent demands of the present administration that the President be granted the power to deal with this Dominican problem.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has again expired.

Mr. HOEVEN. Mr. Speaker, I yield myself 10 minutes.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Speaker, it is of extreme importance that the Sugar Act be extended before the scheduled March 31, 1961, termination date. So time is of the essence.

I express the hope that we can suspend the rules and pass this bill promptly. The only other recourse, as I see it, would be to ask for a closed rule on the bill. I think it is quite understandable that we cannot write a sugar bill on the floor of the House of Representatives at this stage of the game any more than you can formulate foreign policy on the floor of the House.

This bill involves foreign policy. It involves the welfare of our country. The extension has been asked for by the administration which is concerned about the foreign policy involved as well as the extension of the Sugar Act. Reference has been made to the Dominican Republic. We are not here to decide whether or not we are in favor of Mr. Trujillo of the Dominican Republic or not. The sole question is, whether or not we shall extend the Sugar Act for 21 months.

I appreciate the concern of the new growers and people from the sugar beet areas of this country. I want to do something to help them. I want to support their position in every way possible.

The chairman of the Committee on Agriculture has told the House that he expects to conduct full hearings on long-range legislation starting during the

month of May. I dare say these will be prolonged hearings, covering every phase of the sugar situation. The sensible thing to do is to extend the Sugar Act for 21 months and then hold hearings on a long-range bill.

Mrs. MAY. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Washington.

Mrs. MAY. You have been advised that the chairman of the committee will start hearings early in May so that we may have permanent legislation on this subject, but do you not think it would be possible to complete long-term legislation before the 21 months has passed? In other words, could we not complete our work on long-term extension of the Sugar Act in a period from 9 to 12 months?

Mr. HOEVEN. I am in no position to make any specific promise in that regard. The chairman of the Agriculture Committee has justified his position. I think it is the intention of the Agriculture Committee to conduct full hearings on a long-range sugar bill. It must be remembered, however, that the Committee on Agriculture is completely bogged down with important legislation. We still have to extend Public Law 480. We have the itinerant labor bill before us, and I understand we have to work on a wheat bill.

Mrs. MAY. Can the ranking minority member of the committee assure us that consideration of these particular issues will not hold up starting hearings in May on the bill so that the bill could be written this session?

Mr. HOEVEN. As far as it is in my power as ranking Republican member of the committee I shall insist that we have full and fair hearings on a long-range sugar bill at this session of Congress.

Mrs. MAY. One more question: I would like to point out that the wording of the letter from sugar organizations that the chairman of the committee referred to earlier as agreeing to a 21-month extension, was actually worded "up to 21 months' extension."

Mr. HOEVEN. That is correct; and it has been pointed out that every segment of the sugar industry in this country, as far as I am able to determine, is in favor of the 21-month extension.

Mrs. MAY. Up to 21 months.

Mr. HOEVEN. Up to 21 months if you prefer.

Mrs. MAY. Mr. Speaker, much as I would like to follow the leadership of my distinguished colleague from Iowa on voting to suspend the rules on this bill, I cannot in good conscience give him that support. If we vote to suspend the rules, this bill to extend the Sugar Act for 21 months will pass this House without further debate and without giving any Member an opportunity to offer an amendment that would shorten the extension time to 9 months or 1 year. Yet, I sincerely believe that a 1-year extension or less would give the Committee on Agriculture ample time to hold hearings starting early in May and write in the sound legislative changes that are so desperately needed in many areas. The changes needed will be pointed out

briefly in debate today, but because of the limitations of debate on a motion to suspend the rules, this House is not going to be allowed to hear the real story of why the changes in this Sugar Act should be made as soon as possible, nor will we be able to point out how many inequities will remain status quo for Americans if no change is made in this act for 21 months. Particularly, am I concerned that there is no language in this bill granting new beet areas enough tonnage to provide prospective new factories with sugar crops to process.

Within my district in the State of Washington is a potentially great sugar beet area at the western end of the Columbia Basin reclamation project. This is the Quincy district and the Quincy district presently is planted to about 2,000 acres of beets. The crop, however, is contracted to a processing company in another State, thus making it necessary to haul the raw beets great distances.

I would like to state that in the Committee on Agriculture I gladly joined with Mr. POAGE of Texas, as I have in past consideration of sugar legislation, in presenting an amendment to this bill which would have provided the incentive needed to lead to the construction of factories in these new areas. Since we lost the battle on the amendment, I supported committee consideration of extending the act for shorter periods, but these efforts did not prevail.

However, I am pleased that the committee, in the report on H.R. 5463, did agree to urge that the Secretary of Agriculture not reimpose beet quotas until after we have considered long-term legislation. As I pointed out in suggesting such language, the absence of quotas for another year would, to a degree, help new growers continue to establish a growing history, necessary under the present act.

I am very concerned about the deadline which is approaching us so fast that calls for the expiration of the Sugar Act on March 31. We must have an extension of this act. But, at this point I cannot support the motion before us to suspend the rules because in effect that would give support to passage of the bill without any opportunity to cut the extension time of 21 months to a more reasonable period. On the other hand, if we defeat the motion before us, this body will then have the opportunity to send the bill back to Rules Committee and this committee can then grant a rule on the bill that would bring the matter again before us this week in such a way that we would be allowed to offer the proper extension time amendment which I am sure every Member would be glad to support. Representations from the Senate indicate very strongly that their body would be much more willing to accept this legislation if the extension were less than 21 months. If we send this bill to them with a 21-month extension on it, and they make the change of time in that body, then we face the very grave hazard of time-consuming delay necessitated by a conference on the bill. The big question is: Can we then complete the processing of

this legislation before we reach the deadline of March 31? For this reason, I shall vote against suspension of the rules on the floor today so that I may have the opportunity to support the extension for a shorter period and thus hasten action on the legislation.

Mr. ROGERS of Texas. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Texas.

Mr. ROGERS of Texas. Can the gentleman from Iowa tell the House that on July 5 of last year when we extended the Sugar Act to March 31 of this year efforts were being made to extend that act for 3 years, were they not?

Mr. HOEVEN. I think that was under consideration.

Mr. ROGERS of Texas. If this 21-month extension is granted now, the effect will be to extend the Sugar Act for the full 3 years that was desired last July, will not?

Mr. HOEVEN. I will yield to the chairman of the committee to answer the gentleman's question.

Mr. COOLEY. We wanted a longer extension last year but had to accept a short extension in conference with the other body.

Mr. ROGERS of Texas. Mr. Speaker, will the gentleman yield further?

Mr. HOEVEN. For one short question.

Mr. ROGERS of Texas. The conference report that was brought back last year contained this statement. I would like to read it:

As a part of the understanding reached at the conference it was agreed that the conferees on the part of the House would undertake to pass a sugar bill and transmit same to the Senate at the earliest possible date after reconvening of the House in August.

I say we have not kept faith with the American people.

Mr. COOLEY. And I say the gentleman from Texas has not read the record and does not know what he is talking about, exactly that.

Mr. ROGERS of Texas. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I cannot yield further at this time; I would like to conclude my statement.

Regarding the provision in the bill relating to the Dominican Republic, that is entirely a matter of foreign policy. I said before, and I say again, that you cannot write foreign policy on the floor of the House of Representatives. Neither can you write an adequate long-range sugar bill in the short time remaining between now and the 31st day of March of this year.

The United States is a member of the Organization of American States which encompasses all of the nations of South America and Central America. The United States is a member of that organization. A great many of those republics have severed diplomatic relations with the Dominican Republic. We have a problem in Cuba, as you know, with the Castro government. We cannot act unilaterally in this respect. We have to act with our neighbors, the members of the Organization of Amer-

ican States, in standing together or falling together in our fight against communism and the Castro regime in Cuba. I do not think I am divulging any secrets when I say we want to get into a position in the Organization of American States whereby proper economic sanctions can be imposed on Mr. Castro and the Republic of Cuba. We must stop the infiltration of communism into that area. This, therefore, is a foreign policy decision.

We ought to stand behind the administration in what it is trying to do in preserving some semblance of peace in the area of the Caribbean. May I say in passing that this same position was taken by the previous Eisenhower administration so the matter is entirely divorced from partisan politics.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Michigan.

Mr. CEDERBERG. Mr. Speaker, I wish to associate myself with the remarks of the gentleman from Iowa. I believe that this extension up to 21 months makes a great deal of sense. To extend it for 9 months would, in my opinion, place the Committee on Agriculture in a position, recognizing the fact that Congress is going to adjourn some time in July or August and the act would expire prior to when we come back in January, in a position that would be extremely unfortunate.

The gentleman has also raised the question of the foreign policy aspect of this matter. I share the concern of the gentleman from Massachusetts about the possibility of Cuban sugar coming in by a sort of back door. Our Government is going to be faced with another decision, and that is the fact that the Cuban Government has requested economic aid from the international United Nations fund, to which the U.S. Government contributes 40 percent. They have an application in there asking for a special economic project to assist them because of the fact they have been losing certain revenue due to the Sugar Act.

I want to associate myself with the gentleman from Iowa [Mr. HOEVEN], and I hope this act will be extended.

Mr. HOEVEN. I thank the gentleman for his contribution.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from California.

Mr. TEAGUE of California. I, too, would like to associate myself with the gentleman from Iowa and to compliment him on the splendid and clear explanation he has given of this problem. He has presented it in a statesmanlike way.

Mr. RHODES of Arizona. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. The American farmer is in a position again in which his interests are going to be sacrificed on the altar of international expediency. To some extent he has been in this position before. He has been in this position in connection with cotton

and as far as sugar is concerned, too. I am sorry it becomes necessary for this act to be extended in this way. I wish it were possible for us to amend the act to provide that some of the areas to the west which grow beet sugar would be allowed to continue, as I say, so that American farmers in the West would be allowed to grow the sugar beets which they are capable of growing. However, I recognize the mood of the House and I do recognize the international situation. I may say to the gentleman from Iowa that I am very pleased with his statement, as well as the statement of the chairman of the committee as to their intentions regarding full hearings for a full adjustment of this matter. I recognize it is complicated, that you cannot do it overnight. I am pleased with the good will behind it when they point to the fact this is going to be done in May. I hope it will not be delayed, I hope we will have a bill to vote on during this session of the Congress.

Mr. DOMINICK. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Colorado.

Mr. DOMINICK. Mr. Speaker, I wish to associate myself with the gentleman from Iowa.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.

Mr. COLLIER. Can the gentleman tell me why or for what reason we could not write into this act itself a protection against the back-door entry of Cuban sugar through Canada or any other country?

Mr. HOEVEN. May I say to the gentleman that I concur with his views. The matter was thoroughly discussed in committee. We have been assured by the State Department that they are checking into that matter, and I hope some positive action will be undertaken by the administration without delay.

Mr. COLLIER. Coming back to my original question, is there any reason why it could not have been written into the act? That is all I want to know.

Mr. HOEVEN. The gentleman means in the original act?

Mr. COLLIER. That is right, sir.

Mr. HOEVEN. It could have been written into the act but it was not done.

(Mr. DOMINICK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DOMINICK. Mr. Speaker and fellow colleagues, I am taking these few short minutes of your time to express my reasons for supporting the proposed extension of the Sugar Act for 21 months; namely, through December 31, 1962. As we are now aware, the present act unless extended will expire on March 31, 1961, only 10 days from the date. If the act should expire even for a few hours, it has been well established that there are speculators who have available large shipments of refined sugar which they will immediately ship into this country and demoralize the market and the industry. It is obvious, therefore, that Congress must take action before March 31 or risk the well justified charge

that it has been negligent in its duty to the growers, the industry, and to the consumers.

Many of us here feel that a 9-month extension would be better than the proposed 21-month extension. Under a 9-month extension there would be an immediate necessity for holding hearings on a long-term extension designed to increase the quotas for domestic production and to create some reallocation of foreign import quotas. There are many areas in this country which now have available to them acreage suitable for sugar beet or sugarcane and growers in such respective areas willing to plant such crops provided that a refinery or processing plant is available. A modern beet-sugar plant of the size which could be economically operated costs in the neighborhood of \$15 million. It is difficult, if not impossible, to obtain interest in financing such a plant unless there is reasonable assurance that a long-term extension of the sugar program will be in effect. For such reasons I heartily sympathize with those who are fundamentally in support of the bill which I introduced on January 6 asking for a 9-month extension so that hearings could be commenced immediately.

I recognize, however, that at this moment there is not sufficient time to revise the present bill, to get a new rule on a 9-month extension or to incorporate into either a 9-month or 21-month extension the provisions which many new, prospective growers would like to see. We must not only insure passage of this bill through the House but we can expect some hearings and perhaps some amendments from the Senate which could conceivably create the necessity of a conference to reconcile differences between the two Houses. Since it has already taken 2½ months to get the present bill before the House, it does not seem advisable to me to risk the possibility of not being able to enact some legislation before the present act expires. I feel that a most doubtful potage would be brewed by trying to write an extended sugar act in open House debate.

As I stated in my letter to the chairman of the Agriculture Committee [Mr. COOLEY], and in the copies of that letter sent to other Members, I feel that a 9-month extension with immediate hearings on a long-term extension is preferable, but that I will support the present bill because of the overriding needs of all segments of the industry at the present time.

Mr. COOLEY. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. ANFUSO].

Mr. ANFUSO. Mr. Speaker, a pressing challenge in our time is to revitalize, to put new life and new vigor into the good neighbor policy of the Americas, as initiated by Franklin D. Roosevelt.

In this sugar bill before us here today we extend again the hand of friendship to our Latin American neighbors. In this bill we specifically emphasize that consideration shall be given to countries in the Western Hemisphere, in purchasing sugar according to our needs, beyond established quotas.

We invite expanding trade with our good neighbors. Trade among nations, as buyers and sellers on equal terms, makes friends among nations.

Extension of the Sugar Act is vital to our good neighbor policy.

Mr. Speaker, all of us regret that it has become necessary to embrace in this bill before us an amendment to the basic act which permits the denial of sugar purchases above basic quotas from countries with which the United States does not maintain diplomatic relations. Similarly, we deplore the tragic situation in Cuba which already has resulted in the cancellation of sugar purchases from that country of proud people who have come under the domination of a Communist orientated dictatorship.

In this situation, in this debate upon the Sugar Act extension, I want to applaud the efforts of President Kennedy, during his first days in the White House, to reestablish the bond of friendship in the Americas. On March 13 he set forth a 10-point, 10-year economic and social development program for Latin America, to meet the challenge of "a future full of peril, but bright with hope."

He has given assurances that the United States is prepared to give financial aid "if the countries of Latin America are ready to do their part." He has made known that the economic development program he advocates for our neighbors to the southward looks toward modification of "social patterns so that all, and not just a privileged few, share the fruits of growth."

Mr. Speaker, I believe no other great and strong nation in all history has approached the record of the United States in championing the integrity and sovereignty of its neighboring nations. Now our Government is ready to aid in a substantial way the economic and social development of these neighboring nations.

It is my hope that when we again consider sugar legislation in the Congress, the good neighbor policy will have advanced the friendship of nations in this hemisphere in a way that we can deal freely and confidently with all our sister nations who share in our markets, that the conditions which have brought the breaking of diplomatic relations with any nation in this hemisphere will have been remedied and that democratic processes will then prevail in all these nations.

I appeal for approval of the legislation now before us as a step in this direction of friendship with the 200 million inhabitants of the good neighbors of Latin America.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Speaker, I wish to be recorded as unalterably opposed to the present bill. I hope it will be defeated.

It is most regrettable that we have no chance to discuss the details of the problem or offer amendments to the bill. What we need is a 9-months extension and action before the adjournment of this Congress on a satisfactory long-

range program. Early action is in our best interest internationally and in the best interest of domestic growers and prospective domestic growers.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Kansas [Mr. BREEDING].

Mr. BREEDING. Mr. Speaker, I am opposed to a 21-months extension of the Sugar Act. I am in favor of a 9-months extension of the Sugar Act. When the committee voted to extend the present program for 21 months, it failed to recognize the need for more acreage for our own growers. In an agreement that was reached last year, when the act was extended for a short period, it was agreed that the task of making major changes in the act would be taken up this year. It now appears that the whole concept has changed and it seems to be the position of the chairman and many members of the committee that the law should be extended at the present time for 21 months, which means it would be 3 years before domestic growers could be given consideration. I think the chairman of the House Committee on Agriculture is breaking faith with Members of Congress when he insists that the act be extended for 21 months, at this time. It is most urgent that the act be amended, to increase domestic production of sugar beets. I believe our sugar beet farmers should be permitted to produce more of the sugar the United States consumes. There will have to be a major shift, in the present sugar quota, since we can no longer do business with Cuba. My people are only asking for their fair share of this quota. I earnestly beseech this body not to extend this act for 21 months, at this time, so that more debate on the general revision of the act can be had, as it pertains to quota provisions.

(Mr. BREEDING asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Oklahoma [Mr. WICKERSHAM].

Mr. WICKERSHAM. Mr. Speaker, I am opposed to a 21-month extension of the Sugar Act. A group of Congressmen from Texas, Kansas, New Mexico, Oklahoma and other States requested permission to appear before the House Agricultural Committee and the Rules Committee in behalf of a 9-month extension only, but we were not afforded the opportunity of being heard.

The old song, "Sugar in the morning, sugar in the evening, and sugar at supertime," may not be applicable if we continue to deny the American farmer, who is classified as a new grower, the right to grow sugar beets and get them refined.

Many farmers are forced to reduce acreage formerly planted to cotton, wheat, grain sorghums and peanuts; consequently, they should be permitted to grow other crops. The growing of sugar beets is profitable. It is unfair to permit Cuba and other foreign countries to receive all of the allotments, especially since the population is growing

at a tremendous pace, and especially, in view of the existing international situation.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from New Mexico [Mr. MORRIS].

Mr. MORRIS. Mr. Speaker, I hope that this House will turn down this 21-month extension; that a 9-month extension will be brought to this floor, and I think it will be passed unanimously.

Mr. Speaker, I want to point out to this House that, as far as know, there have not been any hearings held on this legislation. Now, what is going to be the foreign policy answer when the countries of Latin America, who are importing Cuba's quota, acquire a \$150 million a year vested interest in this quota? What is going to be your answer when you take this away from them? Mr. Speaker, I hope that this House will turn down this 21-month extension and bring out a bill we can all support—a bill for a 9-month extension. Then the House Committee on Agriculture can hold hearings and every citizen may have a chance to be heard. Then the people who now have a monopoly on the sugar industry in this country, on the importation of sugar into this country, will not be the only ones to have the chance to be heard.

At the present time there are only 12 firms that import all the sugar into this country.

The SPEAKER. The time of the gentleman from New Mexico [Mr. MORRIS] has expired.

Mr. COOLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. ROGERS].

Mr. ROGERS of Texas. Mr. Speaker, I want to say this: I am very happy to get this minute. I have been trying to get time on this bill and have been denied it at every turn. There were no hearings held on this bill before the committee. I received a letter from the chairman telling me I would be scheduled to be heard. I was not given the opportunity to be heard. The Committee on Rules has been circumvented on this situation. What you are fixing to do by the passage of this bill at this time is to turn 3 million tons of sugar over to foreign nations and to deny the American farmer the right to grow 1 pound of it; and those 3 million tons of Cuban sugar can be transshipped into this country from other foreign countries and probably will.

If the Members of this House understood this bill, if hearings had been held on it, I think there would be a different air in this chamber.

Mr. Speaker, I think we can do something to vote communism this afternoon if we vote down this bill and get the opportunity to debate this matter.

Mr. HOEVEN. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Speaker, as we look at this legislation I think we are convinced that we should have a 9-month extension rather than a 21-month extension.

Mr. LANGEN. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman.

Mr. LANGEN. I thank the gentleman for yielding. I take this time in order to express my concern as to the wisdom of a 21-month extension at this point.

(Mr. LANGEN asked and was given permission to revise and extend his remarks.)

Mr. LANGEN. Mr. Speaker, I do so because of the need for revisions in the law to allow for greater participation on the part of domestic growers. This need has been expressed over the past many years in terms of the great desire of our domestic farmers to grow beets, and by the fact that we have very substantial evidence of their ability to do so. In our own Red River Valley area of northwestern Minnesota farmers have for many years been making applications for beet allotments without success. The present beet industry which we do have in our area is ample proof of the many advantages of growing and processing beets in this area. All that has been lacking are additional allotments, and this is the case in several other domestic areas.

In the light of this great domestic potential and the need for putting it into operation in terms of a longer-term revision of the Sugar Act, a 21-month extension seems objectionable to me. Surely we have ample time in the remainder of this session to arrive at a revised Act which will allow our domestic producers to participate in fulfilling a greater share of the sugar market. Therefore, a 9-month extension would seem to be very ample. And in addition, if such a revision could not be reached this session, it would be extremely simple to add another extension later. I believe our domestic producers deserve at least this opportunity to present their case.

Another undesirable aspect of extending the present act for 21 months is that it will tend to set a precedent for buying sugar from foreign countries who will then be dissatisfied if a part or all of their American market is closed. This would be much less of a problem under a 9-month extension.

It would be my hope that the Agriculture Committee might, in the near future, commence open hearings on the overall subject of sugar legislation. Its present procedure of dealing with sugar legislation almost exclusively in executive session certainly precludes domestic producers having an opportunity to present their case. I am sure with this opportunity that we would have a much better chance of achieving the increased domestic sugar beet acreage which would contribute so much to a strengthening of American agriculture.

Mr. QUIE. Mr. Speaker, there is a great opportunity in southern Minnesota to raise sugar beets. We just passed a bill to divert some acreage from feed grains. Higher domestic sugar beet quotas would divert acreage from feed grains in my part of the country. More important than that however, we should look at the decision that this Congress is making; we

should consider the use of this Congress by the State Department and the administrative branch on a foreign policy decision. Some of us have serious reservations about the foreign policy ramifications involved in this bill, particularly in singling out one nation for censure.

It is our conviction that the Constitution of the United States has firmly fixed responsibility for the conduct of foreign policy upon the President and the executive branch of the Federal Government and not upon the Congress. We believe the Congress should provide such authority as is necessary for the President to meet this constitutional responsibility, but we do not believe that we should attempt in the Committee on Agriculture to provide in a farm bill specific authority to deal with one particular country on one particular commodity. Nor do we believe the Congress should take a specific foreign policy action when the Constitution reserves such action for the President using the offices of the Department of State. Our responsibility in sugar legislation is to assure the President sufficient authority to meet the foreign policy questions involved with all countries affected by the act.

The previous administration recognized this principle. On March 15, 1960, the Eisenhower administration in its formal request for sugar legislation stated as follows:

The proposed bill accordingly authorizes the President, whenever such action is necessary to insure adequate supplies of sugar or is otherwise required in the national interest, to reduce the quota for a calendar year for any foreign country, other than the Republic of the Philippines, without the necessity of waiting for additional legislation or for a critical situation to develop. For the same reason, provision is also made for obtaining replacement sugar supplies from other sources.

It is not known whether the need to exercise this authority will ever arise. If it does, each action would be with respect to a single year and would be made in a manner consistent with our international obligation. The circumstances under which the Presidential authority would be exercised cannot now be foreseen. For instance, early in a marketing year a large quantity of sugar might be needed and timing would be of secondary concern. Late in a marketing year timing of delivery might be of paramount importance, although only a small quantity might be involved. Accordingly, the Secretary is authorized to acquire replacement sugar in the manner he deems appropriate at the time such action may be taken.

The specific statutory language suggested by the Eisenhower administration provided in part as follows:

(2) For the purposes of meeting the requirements of consumers in the United States, the Secretary is authorized to cause or permit to be imported into the United States, in such manner, from such sources, and subject to such terms and conditions as he deems appropriate under the prevailing circumstances, a quantity of raw sugar, not in excess of the sum of any reductions in quotas made pursuant to this subsection.

As I said last year, no matter whether the President is a Republican or a Democrat, he should make those decisions.

Mr. Speaker, I think we ought to take a serious look at this. In the Committee

on Agriculture I supported an amendment offered by one of the Members which would have given the President broad authority. I think if we let this bill go back to committee, we could bring it back in the right form and pass it early next week. We could take care of this before the March 31 deadline and with a 9-month extension so we would be insured of action to the benefit of domestic producers.

Mr. DEROUNIAN. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New York.

Mr. DEROUNIAN. Mr. Speaker, may I say to the gentleman that I do not like an Iron Curtain on any legislation in this House. I think there is one here. I think this is a steamroller. I do not like the smell of this bill and I am going to vote against it.

Mr. BRUCE. Mr. Speaker, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Indiana.

Mr. BRUCE. I should like to associate myself with the gentleman's remarks and go one step further, by saying that contrary to the statements that have been made that simply because the previous administration was for the restrictions we are literally bound to that, I disagree.

(Mr. BRUCE asked and was given permission to revise and extend his remarks.)

(Mr. DERWINSKI asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DERWINSKI. Mr. Speaker, this debate on the extension of the Sugar Act is displaying widespread disagreement not only on the part of members of the Agriculture Committee but the entire membership of the House. I join those who object to the 21-month extension as provided in the bill now being debated since I feel it creates a position of inflexibility which would be detrimental to the ability of Congress to write a new Sugar Act should circumstances affecting our purchases of sugar drastically change.

I feel that the Congress should meet this issue head-on and that the Agriculture Committee should, as it has promised, commence hearings on the entire sugar production problem. Certainly, a 12-month extension would be ample time for the congressional committees to study this matter. I therefore will vote against the extension proposed today in the hope that we could instead approve the extension for a 12-month period which I feel would be a more realistic position.

May I also point out that the discussion this afternoon has been devoted mainly to generalized statements concerning foreign relation implications in the extension of sugar quotas. Numerous members have discussed the problems of the domestic sugar beet industry and its indirect relationships to the acreage problems in other commodity areas. We should also take into account the problems facing the sugar producers of Puerto Rico and Hawaii in their long range interests in readjustment to the sugar quota.

But I am greatly disturbed by the complete indifference to the American consumer who, in effect, subsidizes the international sugar market. The historic subsidy paid to Cuban and other sugar producers comes from the pockets of the U.S. consumers. I trust the Members of Congress could appreciate the additional complication that deserves to develop should the public be accurately informed of the manipulations and machinery of the sugar quota system and the effect it has had in creating for them an artificially high price for the sugar they consume.

I am also disturbed at this apparent effort of Congress to evade responsibility in this field. Of necessity, we must make mention of the recent administration proposals to take away from Congress legislative power in the vast agriculture programs. At this time it would be well for Congress to reassess its authority in legislative fields and not weakly abdicate power to the legislative branch of Government which is already swollen with petty bureaucratic tyrants who administer the multitude of Federal agencies with disregard for our citizens in their capacity as taxpayers.

Mr. HOEVEN. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I have been intrigued by the touchiness on the part of some Members of the House this afternoon on the subject of foreign policy. Why, bless your hearts and souls, you vote on foreign policy when you consider authorization bills and appropriations for the so-called implementation of foreign affairs. Why are you so touchy this afternoon about foreign policy, and why is there no prohibition in this bill against the backdoor importation of sugar from Cuba?

I am opposed to this kind of procedure wherein it is impossible to offer an amendment prohibiting Cuban sugar from coming into the United States through the backdoors of other countries.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from North Carolina.

Mr. COOLEY. The committee believes that it is in the bill, and we believe that the administration has the authority to prevent a circumvention of the law.

Mr. GROSS. If this bill could be amended I could write a provision—and it would not take very long, either, so that there would not be any doubt about it.

Mr. COOLEY. We think it is in the bill, just what the gentleman is complaining about. We put it in the report to make our intent definite and clear.

Mr. GROSS. The report is not binding. A prohibition in the bill would be.

Mr. COOLEY. If we open up the consideration of this bill we will be here weeks. We must pass this bill or we will have chaos in the sugar industry.

Mr. GROSS. It is never good business to pass poor legislation. I am not for this bill for that reason.

On this matter of foreign policy, the gentleman from Michigan [Mr. CEDERBERG] said that negotiations are now under way through which the United Nations special fund would provide financial aid to Cuba's Communist Dictator Castro. I have here an editorial from a New York newspaper which states that Paul Hoffman, the director of the U.N. special fund, has already signed an agreement to give financial aid to Castro, and of course American taxpayers are putting up 40 to 50 percent of the money that goes into the United Nations special fund.

How silly can we get. On one hand, we break off diplomatic relations with Cuba and refuse to buy their sugar only to find it being transshipped from other foreign countries and sold in this country. On the other hand, Paul Hoffman, that great liberal with our tax dollars, has either engineered a deal or is trying to put one through that would help rescue Castro from the serious internal situation in Cuba.

I regret there is not more time to debate this ridiculous situation.

Mr. HOEVEN. Mr. Speaker, I yield myself the remainder of my time.

Mr. Speaker, there is a rule in law which says that equity never does a vain thing. You may turn down the suspension of the rules, if you desire. If you do so, I think you will be immediately confronted with a closed rule on this very same piece of legislation. Time is of the essence and you cannot possibly write a long-range sugar bill on the House floor between now and the 31st day of March when the present act expires. Let us be realistic about this thing. The entire sugar industry of the country is satisfied with the 21-month extension. Furthermore, the chairman of our committee has promised you that we will start hearings on a long-range program in the month of May. It seems to me that should suffice.

I do hope you will suspend the rules and pass the extension bill. You cannot afford to take a chance in letting the present extension lapse on the 31st of March. This might well happen if we keep on dilly-dallying along.

The SPEAKER. The time of the gentleman has expired.

Mr. COOLEY. Mr. Speaker, I yield 5 minutes of the remaining 6 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Speaker, not since that fateful day when the Puerto Rican terrorists shot up this House while we were discussing Mexican labor can I recall having taken the floor to oppose the position of my chairman on an agriculture bill. I hope our present disagreement is not a portent of violence. Today, however, I must express my opposition to the pending sugar bill on two counts. That there may be no misunderstanding as to my position, and that I may not say what I do not intend to say, I have reduced my statement to writing.

In the first place, this bill is, in my opinion, defective in that it makes no provision for the recognition of the rights of new growers and new areas. I think that as the American public uses more sugar—and we do each year—that more American farmers should be given

the right to grow sugar. Last year we assured these farmers that we would give consideration to their plight this year. This bill does not keep faith with those farmers in new areas who want to grow sugar beets. In my opinion, it would have been a simple matter to allocate a portion of the domestic growth factor to these new growers in new areas. Such a course would have taken nothing away which any grower—foreign or domestic—now has. It would have given these people a chance to begin some small development of the sugar industry. I anticipate that the other body may make such provision, but in my opinion, it was our duty to deal fairly with these people. This bill does not deal fairly with them, and I would be compelled to oppose it on that ground alone.

There is, however, in my opinion, a far more dangerous aspect of this bill. This is not simply an agriculture bill. It is designed to be used as an instrumentality of power in our foreign relations. This bill makes provision for discrimination between the so-called full-duty countries which have in the past supplied a portion of our domestic market. It assures all but one of those countries of a new and continued preference in the American sugar market in direct proportion to the amount of sugar which each of these countries has heretofore supplied.

The one exception is the Dominican Republic. Here it is definitely intended, and the bill grants the power to apply a discriminatory treatment. Our committee was not advised just exactly what the State Department expected to attain by such treatment, but it is obvious that we are being called upon, through an agriculture bill, to impose a penalty on the cane producers of the Dominican Republic because either we or someone else does not like the Government of the Dominican Republic. We were told that that Government is a dictatorship. I assume it is. I assume it has been for more than 30 years. I don't like dictatorships. I would not like to live under a dictatorship, but clearly the United States of America has not set about to destroy all dictatorships.

I am advised that we have, since the close of the war, extended aid valued at more than a billion dollars to Mr. Tito in Yugoslavia. I don't believe anybody would suggest that Mr. Tito was President as a result of the type of democratic process which we recognize as such in this country. Nor can it be said that Mr. Franco's government in Spain differs very materially from General Trujillo's government. And yet, we support the Franco regime with vast sums of money. I am not trying to be critical of any government. I am merely saying that the United States is not dedicated to the principle of eradicating dictatorships throughout the world.

Whatever Dictator Trujillo's merits or demerits may be, he did take a bankrupt economy and paid its debts. He did take a country without a single public school and has established general primary education. He did take a country with no roads except those which had been built by the U.S. Marines and established

a reasonably good system of domestic communication. He did bring the standard of living of the people of his island up from very close to the bottom to the third highest in the Caribbean. He has always respected American rights and has protected the property of all people. He has stood firm against communism.

Today we see the vast contrast between a Communist dictator in Cuba and an anti-Communist dictator in the Dominican Republic. Which do you prefer? As between the two, I have no hesitancy in saying that I prefer the anti-Communist type.

What is our policy of chastisement for General Trujillo intended to achieve? Are we trying to overthrow his government? If so, what can we expect in its place? If we succeed, I believe that every thinking American knows that the present government of the Dominican Republic will be succeeded either by the direct agents of Mr. Castro or a Castro-type Communist government. And if the Dominican Republic becomes a second Communist outpost in the Caribbean, the Republic of Haiti also must fall. It could not remain on the same island without succumbing to communism. I know not what will then happen in the British Federation in the West Indies, but I am certain that a Communist stronghold in Hispaniola would certainly weaken democracy throughout that whole area. And suppose we do not succeed in overthrowing Mr. Trujillo? Does any reasonable man expect him to accept this abuse and retain his strong anti-Communist position? Indeed, will he not then be forced into the hands of Communism to support himself? Will not all the world be on notice that the United States is not seriously concerned with any other nation's attitude toward Communism?

I sought desperately to find what the State Department wanted the Dominican Republic to do to purge itself. But I have sought in vain. I have been unable to get any assurance that even the removal of General Trujillo from the island and the commitment of the existing government, of which he incidentally is not an official, to conduct elections at the regular election time and to even allow the Ford Foundation to observe the elections would be satisfactory to our Government. Just what does our Government want? Apparently, we want first to force General Trujillo out of the Dominican Republic under humiliating circumstances. Would we rather have the Communists take over the island than to handle the succession of government in an orderly and constitutional manner? I hope not.

I hope I misunderstand the policy of my own Government. But I must say with all charity and in all sincerity that so far I do not understand that policy, and I am sure that there is not a man on the Agriculture Committee who can explain that policy to you. Convinced as I am that this policy is bound to lead to another communistic government in the Caribbean, I cannot support this bill.

I know we need a sugar bill. I want a sugar bill, but I do not want one bad enough to vote for a bill which might actually encourage communism in another American Republic.

The SPEAKER. The time of the gentleman from Texas [Mr. POAGE] has expired.

Mr. COOLEY. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 1 minute remaining.

Mr. COOLEY. May I just make one statement to say that the outgoing administration of President Eisenhower recommended the position that the gentleman from Texas has just stated.

I know that this act is vital to the welfare of many of our own people, and I hope it will pass.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield briefly.

Mr. O'NEILL. Was it the intent of the Congress when the original bill was passed last year to permit Cuban sugar to be shipped to Canada or any other foreign country and refined and then sent to the United States, which is now condemned?

Mr. COOLEY. No, it was not the intent of Congress that Cuban sugar should come into this country after we refused to restore that quota.

The SPEAKER. The time of the gentleman has expired.

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

CALL OF THE HOUSE

Mr. BASS of Tennessee. Mr. Speaker, I suggest the absence of a quorum, and I make a point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. COOLEY. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 18]

Baker	Jones, Mo.	Thompson, La.
Blatnik	Lesinski	Thompson, N.J.
Brademas	McDonough	Tupper
Buckley	Mosher	Wilson, Calif.
Gallagher	O'Konski	Wright
Griffin	Rabaut	
Hall	Springer	

The SPEAKER. On this rollcall, 423 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill, H.R. 5463?

Mr. ROGERS of Texas. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 284, nays 129, not voting 18, as follows:

[Roll No. 19]
YEAS—284

Abbutt	Grant	Moulder
Abernethy	Gray	Multer
Addabbo	Green, Oreg	Murphy
Addonizio	Green, Pa.	Murray
Alexander	Griffiths	Natcher
Andrews	Gubser	Nix
Anfuso	Hagen, Calif.	Norblad
Arends	Halleck	O'Brien, Ill.
Ashley	Halpern	O'Brien, N.Y.
Aspinall	Hansen	O'Hara, Ill.
Auchincloss	Hardy	O'Hara, Mich.
Ayers	Harrison, Va.	Olsen
Baldwin	Harrison, Wyo.	O'Neill
Barrett	Harsha	Osmer
Bass, Tenn.	Harvey, Ind.	Passman
Bates	Harvey, Mich.	Perkins
Battin	Hays	Peterson
Becker	Healey	Philbin
Beermann	Hébert	Pike
Beil	Hechler	Plicher
Bennett, Fla.	Henderson	Pirnie
Betts	Herlong	Poff
Boggs	Hiestand	Powell
Boiland	Hoeven	Price
Bolling	Hollifield	Pucinski
Bonner	Holland	Randall
Boykin	Holtzman	Reuss
Brademas	Hosmer	Rhodes, Pa.
Brewster	Huddleston	Riley
Brooks, La.	Hull	Rivers, S.C.
Brooks, Tex.	Inouye	Roberts
Broyhill	Jarman	Robison
Burke, Ky.	Jennings	Rodino
Burke, Mass.	Joelson	Rogers, Colo.
Byrne, Pa.	Johnson, Calif.	Rogers, Fla.
Byrnes, Wis.	Johnson, Md.	Roosey
Cahill	Johnson, Wis.	Roosevelt
Cannon	Jonas	Rostenkowski
Carey	Jones, Ala.	Rousselot
Cederberg	Jones, Mo.	Ryan
Celcer	Karsten	St. Germain
Chamberlain	Karth	Santangelo
Chelf	Kastenmeier	Saund
Chenoweth	Kee	Schenck
Church	Keith	Scherer
Clancy	Kelly	Schwengel
Clark	Keogh	Scott
Coad	Kilburn	Scranton
Cohelan	Kilday	Selden
Conte	King, Calif.	Shelley
Cook	King, Utah	Sheppard
Cooley	Kirwan	Shipley
Corman	Kitchin	Sibal
Cramer	Kluczynski	Sikes
Cunningham	Knox	Siler
Curtis, Mass.	Kornegay	Sisk
Daddario	Kowalski	Smith, Calif.
Dague	Landrum	Smith, Iowa
Danleis	Lane	Smith, Miss.
Davis, John W.	Lankford	Smith, Va.
Dawson	Latta	Spence
Deaney	Lennon	Springer
Dent	Lesinski	Stafford
Denton	Lindsay	Staggers
Diggs	Lipscomb	Steed
Dingell	Loser	Stratton
Dominick	McCormack	Stubblefield
Donohue	McDowell	Sullivan
Downing	McFall	Taylor
Doyle	McIntire	Teague, Calif.
Durno	McMillan	Thomas
Dwyer	McSweeney	Thompson, N.J.
Elliott	Macdonald	Thompson, Tex.
Ewins	Macrowicz	Thornberry
Fallon	Mack	Toll
Farbstein	Madden	Trimble
Fascell	Magnuson	Tuck
Feighan	Mailliard	Ullman
Finnegan	Marshall	Utt
Fino	Martin, Mass.	Vanik
Flood	Martin, Nebr.	Van Pelt
Fogarty	Mathias	Van Zandt
Ford	Matthews	Vinson
Fountain	Meador	Wallhauser
Frazier	Merrow	Walter
Frelinghuysen	Miller,	Watts
Friedel	George P.	Weaver
Gariand	Mills	Whitener
Garmatz	Monagan	Widnall
Gary	Moore	Willis
Gathings	Moorhead, Pa.	Yates
Gialmo	Morgan	Young
Gilbert	Morrison	Younger
Glenn	Morse	Zablocki
Granahan	Moss	Zelenko

NAYS—129

Adair	Andersen,	Ashmore
Albert	Minn.	Avery
Alford	Anderson, Ill.	Baring
Alger	Ashbrook	Barry

Bass, N.H.	Fulton	Morris
Beckworth	Gavin	Nelsen
Belcher	Goodell	Nygaard
Bennett, Mich.	Goodling	Ostertag
Berry	Griffin	Patman
Blitch	Gross	Pelly
Bolton	Hagan, Ga.	Pillion
Bow	Haley	Poage
Bray	Harris	Quile
Breeding	Hemphill	Ray
Bromwell	Hoffman, Ill.	Reifel
Broomfield	Hoffman, Mich.	Rhodes, Ariz.
Brown	Horan	Riehlman
Bruce	Ichord, Mo.	Rivers, Alaska
Burleson	Ikard, Tex.	Rogers, Tex.
Casey	Jensen	Roudebush
Chipherfield	Johansen	Rutherford
Collier	Judd	St. George
Colmer	Kearns	Saylor
Corbett	Kilgore	Schadeberg
Curtin	King, N.Y.	Schneebeli
Davis,	Kyl	Schweiker
James C.	Laird	Seely-Brown
Davis, Tenn.	Langen	Short
Derounian	Libonati	Shriver
Derwinski	McCulloch	Slack
Devine	McVey	Stephens
Dole	MacGregor	Taber
Dooley	Mahon	Teague, Tex.
Dorn	Mason	Thomson, Wis.
Dowdy	May	Tollefson
Dulski	Michel	Wels
Edmondson	Miller, Clem	Westland
Ellsworth	Miller, N.Y.	Whalley
Everett	Milliken	Wharton
Fenton	Minshall	Whitten
Findley	Moeller	Wickersham
Fisher	Montoya	Williams
Flynt	Moorehead,	Wilson, Ind.
Forrester	Ohio	Winstead

NOT VOTING—18

Bailey	Hall	Rabaut
Baker	Harding	Rains
Blatnik	McDonough	Thompson, La.
Buckley	Mosher	Tupper
Curtis, Mo.	O'Konski	Wilson, Calif.
Gallagher	Pfost	Wright

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Rabaut and Mr. Rains for, with Mr. Curtis of Missouri against.

Until further notice:

Mr. Blatnik with Mr. Mosher.
Mr. Wright with Mr. McDonough.
Mr. Thompson of Louisiana with Mr. Baker.
Mr. Buckley with Mr. Tupper.
Mr. Gallagher with Mr. Wilson of California.

Mrs. Pfost with Mr. Hall.

Mr. Bailey with Mr. O'Konski.

Messrs. CANNON and LOSER changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDING FAIR LABOR STANDARDS ACT OF 1938

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 229, Rept. No. 182), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3935) to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of large enterprises engaged in retail trade or service and of other employers engaged in commerce or in the production of goods for commerce, to

increase the minimum wage under the Act to \$1.25 an hour, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed seven hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider, without the intervention of any point of order, the substitute amendment recommended by the Committee on Education and Labor now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

INCOME OF FOREIGN CENTRAL BANKS

Mr. MILLS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5189) to amend the Internal Revenue Code of 1954 to exempt from tax income derived by a foreign central bank of issue from obligations of the United States.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart C of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to nonresident aliens and foreign corporations) is amended by adding at the end thereof the following new section:

"SEC. 895. INCOME DERIVED BY A FOREIGN CENTRAL BANK OF ISSUE FROM OBLIGATIONS OF THE UNITED STATES

"Income derived by a foreign central bank of issue from obligations of the United States owned by such foreign central bank of issue shall not be included in gross income and shall be exempt from taxation under this subtitle unless such obligations are held for, or used in connection with, the conduct of commercial banking functions or other commercial activities."

(b) The table of sections for such subpart C is amended by adding at the end thereof the following:

"Sec. 895. Income derived by a foreign central bank of issue from obligations of the United States."

(c) The amendments made by subsections (a) and (b) shall be effective with respect to income received in taxable years beginning after December 31, 1960.

The SPEAKER. Is a second demanded?

Mr. BYRNES of Wisconsin. Mr. Speaker, I demand a second.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the bill H.R. 5189 exempts certain foreign central banks from tax

87TH CONGRESS
1ST SESSION

H. R. 5463

IN THE SENATE OF THE UNITED STATES

MARCH 22, 1961

Read twice and referred to the Committee on Finance

AN ACT

To amend and extend the Sugar Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, effective March 31, 1961, section 412 of the Sugar
4 Act of 1948 (relating to termination of the powers of the
5 Secretary under the Act) is amended to read: "The powers
6 vested in the Secretary under this Act shall terminate on
7 December 31, 1962, except that the Secretary shall have
8 power to make payments under title III under programs
9 applicable to the crop year 1962 and previous crop years".

10 SEC. 2. (a) Section 4501 (c) (relating to termination
11 of taxes on sugar) of the Internal Revenue Code of 1954 is

1 amended by striking out "September 30, 1961" in each
2 place it appears therein and inserting in lieu thereof "June
3 30, 1963".

4 (b) Section 6412 (d) (relating to refund of taxes on
5 sugar) of the Internal Revenue Code of 1954 is amended
6 by striking out "September 30, 1961" where it first appears
7 therein and inserting in lieu thereof "June 30, 1963", and
8 by striking out "September 30, 1961" where it appears
9 therein the second time and inserting in lieu thereof "Sep-
10 tember 30, 1963".

11 SEC. 3. Effective March 31, 1961, section 408 of the
12 Sugar Act of 1948, as amended (relating to suspension of
13 quotas), is amended by striking out of subsection (b) "for
14 the period ending March 31, 1961" and inserting "for the
15 period ending December 31, 1962"; and by striking out of
16 paragraph (b) (1) "for the balance of calendar year 1960
17 and for the three-month period ending March 31, 1961"
18 and inserting "for the period ending December 31, 1962";
19 and by inserting immediately before the colon in subpara-
20 graph (2) (iii) of subsection (b) a semicolon and the words
21 "except that any amount which would be purchased from any
22 country with which the United States is not in diplomatic
23 relations need not be purchased" and by inserting in the
24 "provided" clause a comma after the phrase "additional
25 amounts of sugar" and inserting immediately thereafter the

1 phrase "including any amounts which would otherwise be
2 purchased from any such country with which the United
3 States is not in diplomatic relations,"; and by striking out
4 the semicolon at the end of subparagraph (b) (2) (iii) and
5 inserting "except that consideration shall be given to coun-
6 tries of the Western Hemisphere and to those countries pur-
7 chasing United States agricultural commodities;".

Passed the House of Representatives March 21, 1961.

Attest:

RALPH R. ROBERTS,

Clerk.

87TH CONGRESS
1ST SESSION

H. R. 5463

AN ACT

To amend and extend the Sugar Act of 1948, as amended.

MARCH 22, 1961

Read twice and referred to the Committee on Finance

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued March 29, 1961

For actions of March 28, 1961

87th-1st, No. 54

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HIGHLIGHTS: Senate committee reported sugar bill. House began debate on depressed areas bill. Senate confirmed CCC Board and Bagwell nominations. House passed Treasury-Post Office appropriation bill.

HOUSE

1. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1961. Conferees were appointed on this bill, H. R. 5188 (p. 4715). Senate conferees have already been appointed.
2. TREASURY-POST OFFICE APPROPRIATION BILL, 1962. Passed without amendment this bill, H. R. 5954. pp. 4721-38
3. DEPRESSED AREAS. Began debate on S. 1, the depressed areas bill. pp. 4733-70
4. COMMITTEE ASSIGNMENTS. Rep. William H. Avery, Kan., was elected to the Committee on Rules. p. 4744
5. TEXTILES. Reps. Hemphill, Whitener and Lindsay deplored the increasing U. S. imports of cotton and cotton goods in relation to the economy in the South. pp. 4771-5
6. GOVERNMENT OPERATIONS. Received GAO findings and recommendations for improving Government operations. p. 4781

7. SURPLUS PROPERTY. Received from GSA a proposed bill "to repeal a certain provision of the Independent Offices Appropriation Act, 1961 (74 Stat. 434), regarding the disposal of surplus real property"; to Government Operations Committee. p. 4781
8. REORGANIZATION. The committee report on H. R. 5742, to amend and extend the Reorganization Act, includes the following statement regarding the submission of reorganization plans by the Executive branch:

"Criticisms have been made and the committee has been concerned with the tendency of the Executive to draft reorganization plans in general terms so that the full scope of the reorganization is not always readily apparent from the contents of the plans as presented. At times, the plans seem to confer on Department and agency heads such unrestricted redelegation authority that they are able to effect further substantial reorganizations without referring them to the Congress. In its review of any plans submitted under the bill the committee will insist that they be composed with such detail that their full import is readily ascertainable. The committee is also undertaking a review of the act to see if any improvements are needed.

"The committee has also noted a tendency in recent years for the Executive to submit plans without the full justification in reducing expenditures and promoting economy that the bill requires. The committee will insist that the plans submitted be in accord with the language and intent of the act and we will continue to scrutinize with care all plans accordingly."

SENATE

9. SUGAR. The Finance Committee reported with amendments H. R. 5463, to amend and extend the Sugar Act (S. Rept. 125) (p. 4646). The "Daily Digest" states that the committee adopted amendments which "would (1) limit extension of the act to 15 months (instead of 21 as in House-passed bill); and (2) in regard to re-allocation of Cuban quota, importers of such sugar would pay into U. S. Treasury an amount equal to the difference between world price and U. S. price of raw sugar" (p. D208).
Sen. Church inserted a speech by Sen. Moss before the Cache Co., Utah, Sugar Beet Growers Assoc. "which outlines how extensively sugar has become embroiled in international relations, and suggests some of the problems which must be considered in drafting the new long-term bill." pp. 4664-5
10. NOMINATIONS. Confirmed the nominations of Charles S. Murphy, John P. Duncan, Frank J. Welch, James T. Ralph, Horace Godfrey, and Willard Cochrane to be members of the CCC Board of Directors and John C. Bagwell to be General Counsel of this Department (p. 4702). The nominations were reported earlier by the Agriculture and Forestry Committee (p. 4643).
11. FOREIGN AID. Both Houses received a GAO audit report of the Development Loan Fund (H. Doc. 126). pp. 4644, 4781
Sen. Bridges expressed concern over the expenditure of funds for certain foreign aid activities and inserted a newspaper article criticizing the foreign aid program. pp. 4679-80
Sen. Fulbright stated that the President's message on foreign aid included a number of recommendations submitted in 1957 by the Senate Special Committee To Study the Foreign Aid Program and inserted a summary of the recommendations of the Special Committee. pp. 4681-3

SUGAR

MARCH 28, 1961.—Ordered to be printed

Mr. BYRD, of Virginia, from the Committee on Finance, submitted the following

R E P O R T

Together With

INDIVIDUAL VIEWS

[To accompany H.R. 5463]

The Committee on Finance, to whom was referred the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended, having considered the same report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The Finance Committee amended the bill to—

(a) Extend the act for 15 months rather than for the 21 months in the House bill;

(b) Provide for the payment into the U.S. Treasury of the difference between the U.S. price and the world price on all foreign sugar purchased under the reallocation of the Cuban quota.

The time of the extension of the act in the bill as passed by the House and referred to the Finance Committee of the Senate was December 31, 1962. The committee amendment would terminate the present extension on June 30, 1962. It would appear that in either event, Congress would need to legislate again during the 1962 session on the matter of sugar. The 15-month extension would give to producers both in the United States and abroad, an additional period of certainty with regard to the oncoming crops.

The reallocation of the Cuban quota to various other sources has granted sudden additional business to producers abroad and to those who export and import amounts formerly handled from Cuba. The committee adopted an amendment providing that an import fee

equivalent to the difference between the world price and the United States price be assessed on all sugar imported under the reallocation of the Cuban quota. Basic quotas would continue to be imported under the same circumstances as at present without payment of any additional import fee; only that over and above the normal quotas would be assessed the extra fee.

STATEMENT

In July 1960, Congress enacted Public Law 86-592 to extend the Sugar Act for 3 months (from December 31, 1960, to March 31, 1961). It authorized the President to set the Cuban sugar quota for the balance of the calendar year 1960 and for the first 3 months of 1961 at any level not in excess of the Cuban quota under the basic quota system of the Sugar Act and directed the manner in which replacement supplies of sugar were to be obtained in the event that the Cuban quota was reduced.

The President did reduce the Cuban quota for 1960 to about the level of shipments at the time the law became effective and the Cuban quota for the first 3 months of 1961 was set at zero.

H.R. 5463, as amended by the Finance Committee, does not make any change in the basic provisions of the Sugar Act, other than the extension of the expiration date from March 31, 1961, to June 30, 1962, and the requirement that U.S. purchasers of foreign sugar under the Cuban reallocation must pay into the U.S. Treasury the difference between the U.S. price and the world price adjusted for tariff and transportation factors. It deals primarily with the temporary or emergency authority enacted by Congress in 1960. The changes made would (1) relieve the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations; and (2) require that in above-quota foreign purchases consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agriculture commodities.

The bill would continue Presidential authority to establish the sugar quota for Cuba through June 30, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

(1) An amount equivalent to Cuba's share in any domestic area deficit may be assigned to other domestic areas; and then

(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; then

(3) To the Republic of the Philippines 15 percent of the remainder; and then

(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then

(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

SUPPLY AND DEMAND

Total U.S. requirements for sugar currently approximate 10 million tons. Of this amount, Cuba, if participating on its former basis would supply 3.3 million tons. If the Dominican Republic was participating on the former quota basis, that country would be entitled to supply a substantial share of this 3.3 million tons if Cuba did not supply it.

Under the terms of the bill, if the restrictions on imports of sugar are invoked by the President, the United States will need to allocate about 2½ million tons to other sources for the last three quarters of 1961. Adequate supplies should not be a problem, as known supplies in friendly producing areas are known to be 3½ to 4 million tons, more than enough to fill any gap which might otherwise result from a withdrawal of quotas from Cuba or the Dominican Republic.

The following tables indicate, respectively, the source of sugar supplied to the U.S. market in 1960 and the quota and nonquota allocations for the first quarter of 1961.

TABLE A.—1960 sugar quotas and authorized nonquota purchase allocations

[Short tons, raw value]

Area and country	Quota adjusted for deficits	Authorized nonquota purchase allocation	Total
Domestic beet.....	2,514,945	-----	2,514,945
Mainland cane.....	773,873	-----	773,873
Hawaii.....	940,444	-----	940,444
Puerto Rico.....	893,620	-----	893,620
Virgin Islands.....	8,618	-----	8,618
Cuba.....	2,419,655	-----	2,419,655
Republic of the Philippines.....	980,000	176,426	1,156,426
Peru.....	138,827	135,000	273,827
Dominican Republic.....	130,957	321,857	452,814
Mexico.....	115,809	284,628	400,437
Nicaragua.....	19,766	22,000	41,766
Haiti.....	9,105	26,567	35,672
Netherlands.....	4,427	6,129	10,556
China (Formosa).....	4,218	6,258	10,476
Panama.....	4,218	6,258	10,476
Costa Rica.....	4,202	6,267	10,469
Canada.....	631	1,657	2,288
United Kingdom.....	516	1,355	1,871
Belgium.....	182	478	660
British Guiana.....	84	-----	84
Hong Kong.....	3	8	11
British West Indies and British Guiana.....	0	92,765	92,765
El Salvador.....	-----	6,000	6,000
Guatemala.....	-----	6,000	6,000
Brazil.....	-----	100,347	100,347
Total.....	8,964,100	1,200,000	10,164,100
SUMMARY			
Domestic areas.....	5,131,500	-----	5,131,500
Reduced Cuban quota.....	2,419,655	-----	2,419,655
Other foreign countries.....	1,412,945	1,200,000	2,612,945
Total.....	8,964,100	1,200,000	10,164,100
Nonquota purchase sugar, not authorized.....	-----	-----	235,900
Total determined U.S. sugar requirements.....	-----	-----	10,400,000

TABLE B.—*Sugar quotas established and nonquota purchase allocations authorized for the 3-month period ending Mar. 31, 1961*

[Short tons, raw value]

Area and country	(1) Quotas	(2) Direct consumption limits	(3) Nonquota purchase allocations authorized	(4) Total (1)+(3)
Domestic beet sugar.....	544,443	(1)	-----	554,443
Mainland cane sugar.....	167,531	(1)	-----	167,531
Hawaii.....	303,853	8,554	-----	303,853
Puerto Rico.....	317,716	37,076	-----	317,716
Virgin Islands.....	4,332	0	-----	4,332
Republic of the Philippines.....	245,000	14,980	122,683	367,683
Peru.....	30,377	2,724	215,000	245,377
Dominican Republic.....	27,789	2,429	222,723	250,512
Mexico.....	23,852	4,411	191,168	215,020
Nicaragua.....	4,368	2,909	16,000	20,368
Haiti.....	2,067	1,750	433	2,500
Netherlands.....	1,037	1,037	1,463	2,500
China (Formosa).....	995	995	11,505	12,500
Panama.....	995	995	1,505	2,500
Costa Rica.....	992	992	1,508	2,500
Canada.....	158	158	1,266	1,424
United Kingdom.....	129	129	1,034	1,163
Belgium.....	45	45	361	406
British West Indies and British Guiana.....	21	21	10,168	10,189
Hong Kong.....	1	1	8	9
El Salvador.....	-----	-----	2,000	2,000
Guatemala.....	-----	-----	2,000	2,000
Brazil.....	-----	-----	11,474	11,474
Ecuador.....	-----	-----	6,000	6,000
Colombia.....	-----	-----	6,000	6,000
Total.....	1,675,701	79,206	824,299	2,500,000

¹ No limit.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SUGAR ACT OF 1948, AS AMENDED

* * * * *

SUSPENSION OF QUOTAS

SEC. 408. (a) Whenever pursuant to the provisions of this Act the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation, except as provided in section 207 of this Act, of all the provisions of title II above, and, thereafter, the operation of such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exists. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

(b) Notwithstanding the provisions of title II of this Act [for the period ending March 31, 1961] *for the period ending June 30, 1962:*

(1) The President shall determine notwithstanding any other provisions of title II, the quota for Cuba [for the balance of calendar

year 1960 and for the three-month period ending March 31, 1961] *for the period ending June 30, 1962*, in such amount or amounts as he shall find from time to time to be in the national interest: *Provided, however*, That in no event shall such quota at any time exceed such amount as would be provided for Cuba under the terms of title II in the absence of the amendments made herein, and such determinations shall become effective immediately upon publication in the Federal Register of the President's proclamation thereof;

(2) For the purposes of meeting the requirements of consumers in the United States, the President is thereafter authorized to cause or permit to be brought or imported into or marketed in the United States, at such times and from such sources, including any country whose quota has been so reduced, and subject to such terms and conditions as he deems appropriate under the prevailing circumstances, a quantity of sugar, not in excess of the sum of any reductions in quotas made pursuant to this subsection: *Provided, however*, That any part of such quantity equivalent to the proration of domestic deficits to the country whose quota has been reduced may be allocated to domestic areas and the remainder of such quantity (plus any part of such allocation that domestic areas are unable to fill) shall be apportioned in raw sugar as follows:

(i) There shall first be purchased from other foreign countries for which quotas or prorations thereof of not less than three thousand or more than ten thousand short tons, raw value, are provided in section 202(c), such quantities of raw sugar as are required to permit importation in such calendar year of a total of ten thousand short tons, raw value, from such country;

(ii) There shall next be purchased from the Republic of the Philippines 15 per centum of the remainder of such importation;

(iii) The balance, including any unfilled balances from allocations already provided, shall be purchased from foreign countries having quotas under section 202(c), other than those provided for in the preceding subparagraph (i), in amounts prorated according to the quotas established under section 202(c); *except that any amount which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased: Provided*, That if additional amounts of sugar, including any amounts which would otherwise be purchased from any such country with which the United States is not in diplomatic relations, are required the President may authorize the purchase of such amounts from any foreign countries, without regard to allocation *except that consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities*;

(3) If the President finds that raw sugar is not reasonably available, he may, as provided in (2) above, cause or permit to be imported such quantity of sugar in the form of direct-consumption sugar as may be [required.] *required*;

(4) *As a condition for the importation of any quantity of non-quota purchase sugar from any foreign countries as provided in this subsection, a fee of approximately the difference between the world price and the domestic price of raw sugar, as determined by the Secretary, shall be paid to the United States by the person applying for release of such quantity of sugar.*

TERMINATION OF ACT

SEC. 412. [The powers vested in the Secretary under this Act shall terminate on March 31, 1961, except that the Secretary shall have power, until March 31, 1961, to make payments under title III under programs applicable to any crop year beginning prior to March 31, 1961.] *The powers vested in the Secretary under this Act shall terminate on June 30, 1962, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1962 and previous crop years.*

INTERNAL REVENUE CODE OF 1954

* * * * *

CHAPTER 37

Subchapter A—Sugar

SEC. 4501. IMPOSITION OF TAX.

(a) GENERAL.—There is hereby imposed upon manufactured sugar manufactured in the United States, a tax, to be paid by the manufacturer at the following rates:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscope test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein.

The manufacturer shall pay the tax with respect to manufactured sugar (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within 12 months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid). For the purpose of determining whether sugar has been sold or used within 12 months after it was manufactured, sugar shall be considered to have been sold or used in the order in which it was manufactured.

(b) IMPORT TAX.—In addition to any other tax or duty imposed by law, there is hereby imposed, under such regulations as the Secretary or his delegate shall prescribe, a tax upon articles imported or brought into the United States as follows:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein;

(3) on all articles composed in chief value of manufactured sugar, 0.5144 cent per pound of the total sugars therein.

(c) **TERMINATION OF TAX.**—No tax shall be imposed under this subchapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after **【September 30, 1961】** *December 31, 1962*. Notwithstanding the provisions of subsection (a) or (b), no tax shall be imposed under this subchapter with respect to unsold sugar held by manufacturer on **【September 30, 1961】** *December 31, 1962*, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date.

CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

SEC. 6412. FLOOR STOCKS REFUNDS.

* * * * *

(d) **SUGAR.**—With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 4501(b) has been paid and which, on **【September 30, 1961】** *December 31, 1962*, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar, if claim for such refund is filed with the Secretary or his delegate on or before **【September 30, 1961】** *March 31, 1963*.

INDIVIDUAL VIEWS OF SENATORS DOUGLAS AND FULBRIGHT

I

The action of the Finance Committee in accepting our amendment is to be highly commended. It is the first time in many years that in connection with the Sugar Act the interests of the American consumer and taxpayer have been taken into account.

The effect of the amendment is to make certain that the so-called "quota premium"—the difference between the world price for sugar and the domestic highly subsidized price—on that amount of sugar which was formerly bought from Cuba, is paid into the American Treasury rather than into the pockets of producers, middlemen, speculators, or others who would otherwise receive windfall profits from the reallocation of the previous Cuban quota.

This will amount to about \$140 million per year. This will be a savings to the taxpayer and consumer.

In the interests of American consumers, American taxpayers and the proper interpretation of the basic Sugar Act, this amendment should remain in the bill. Under the basic act, the consumers' interests supposedly are to be taken into account. But, in practice, this has not been the case and almost every device conceived by man has been used to increase the price to American consumers—both individual and industrial.

The American people do not realize how much the present sugar program is costing them as consumers. When the Jones-Costigan Sugar Act was passed in 1934, it was intended to protect the interests of consumers as well as producers, and in the process also put a floor of protection under the farm laborers and their families in the cane and beet sugar fields. At that time the world price of raw sugar was only about 1 cent a pound, and sugar growers everywhere were experiencing great hardship.

In 1934, however, the philosophy of the National Recovery Act was dominant under which producers were encouraged to restrict production, raise prices, and improve the condition of their employees. The Jones-Costigan Act was in this tradition and extended its protection to foreign as well as American sugar producers.

Over the 27 years which have passed since then, a whole battery of devices to benefit the producers of sugar have been put into effect. These have helped the producers with little or no attention paid to the interests of housewife and consumer. The facts of the situation are approximately these:

1. The people of the United States consume roughly 10 million tons of sugar a year.

2. The average retail price of sugar in 5-pound packages is about 11.6 cents a pound. This would be \$232 a ton at retail rates. Wholesale carload rates are about $9\frac{1}{4}$ cents per pound, or \$185 per ton. A weighted composite of the two quotations would be roughly \$200 a ton.¹ This would mean that the total final sales value of the sugar is approximately \$2 billion.

¹ The sale of sugar for family use is only about a third of the total.

3. About 55 percent or 5.6 million tons of the sugar is produced domestically of which the Hawaiian production is about 1 million tons and that of Puerto Rico an equal amount. Of the 3.4 million tons produced on the mainland, 2.7 million tons are produced in the Beet Sugar Belt area (mostly on the Great Plains) and 0.7 million tons in the cane sugar areas, mostly in Louisiana and Florida. Of the 4.5 million tons imported, about two-thirds have come from Cuba and about 1 million tons from the Philippines.

4. The price of sugar is controlled (and raised) by a combination of methods.

(a) Quotas are fixed which govern the amounts to be produced domestically and also imported from a group of sugar-producing countries.

(b) In addition, an import tariff of 0.5 cent a pound is levied on all sugar from Cuba and the Philippines, while for the relatively small amounts which were formerly imported from elsewhere, the tariff was 0.625 cents a pound. The total receipts from the tariff on sugar to the Treasury have been a little over \$40 million a year or around \$10 per ton.

(c) A further excise or processing tax of 0.5 cent a pound, or \$10 a ton, is levied on all sugar whether produced domestically or imported. This comes, at present, to approximately \$100 million a year, or \$10 a ton.

(d) Direct production payments of 0.8 cent a pound (\$16 a ton) are paid on the first 350 short tons, and graduated downward on further production. Additional allowances for other contingencies are also paid to domestic producers, and together these amount to about \$75 million a year.

5. The limitation on the total amount of sugar which can be produced within the United States and imported from abroad causes the U.S. price to be appreciably greater than the world market price. The best measure of this in the past has been the difference between the price in Cuba of sugar destined for the United States and that going to other countries. A year ago this was the difference between approximately 5.6 and 3.1 cents a pound. This came to $2\frac{1}{2}$ cents a pound, or \$50 a ton.

It can therefore be seen that the housewives and consumers pay dearly for the present sugar policy. If we add (a) the difference between the price to the United States and the world price, (b) the tariff, and (c) the excise tax, we get a total price increase to the consumer of about 3.5 cents a pound, or about \$70 a ton. This comes to a total of \$700 million a year.

Against this should be offset the \$65 million in revenue over the cost of the production payments, or a net subsidy by the consumers of between \$635 and \$735 million. This, in turn, should be somewhat further reduced by the fact that if we bought all our sugar on the free market, the free market price would rise. The extent of this increase would, however, not be as great as is frequently argued, since current estimates of world production this year run to around 58 million tons as compared with world consumption of 53.5 million tons. With the previous carryover, the present surplus will probably run about 10 million tons. Ample supplies are, therefore, available.

On the whole, it would seem safe to estimate the total subsidy which consumers pay is not far from \$660 million a year, or \$66 a ton, and

3.3 cents a pound.² Since the per capita consumption in this country is about 97 pounds a year, this comes to about \$3.25 a year per person; or \$13 a year for a family of four. This is a sum approximately equal to a day's wages. Each time a housewife purchases candy, cakes, pies, or soft drinks she also pays this hidden subsidy.

The American housewives and consumers over the years have probably paid from 10 to 20 billions of dollars of subsidies to the foreign and domestic sugar producers. This has been done without their knowledge because of the complexity of the whole program. Seldom have such complex arrangements been devised.

II

As a result of the change in our relationships with Cuba, there are now some 3 million tons of sugar formerly purchased from Cuba which will be bought elsewhere. As world supplies are now plentiful, this, of itself, presents no great problem. But the question of who shall sell this "nonquota" sugar under the present heavily subsidized and, hence, lucrative American program has created considerable discussion.

Under the House bill the former Cuban share would be prorated among the sources now providing sugar to the United States at the presently heavily subsidized American domestic price. This proration, in the language of the House report, would be as follows:

Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

(1) An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then

(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; and then

(3) To the Republic of the Philippines 15 percent of the remainder;³ and then

(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then

(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of

² On p. 10 of the "Special Study on Sugar," prepared by the Department of Agriculture for the House committee, it is stated that a direct payment of about 3.5 cents a pound would be required in the absence of other protective devices.

³ Based on the nonquota allocations for the 3-month period ending March 31, 1961, the allocation for the Philippines for the next year would be 490,000 tons. On the same basis the Peruvian share would be 860,000 tons, and the Mexican share would be 764,000 tons.

the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

The House proposal suffers from serious defects.

In the first place, it would build up a vested interest among those who received the additional quotas. In the future it will be almost impossible to take away these additional amounts and return them to Cuba when Cuba once again becomes a friendly government. For this reason alone these amounts should not be distributed in such a manner.

The tragic Cuban situation is clearly against the best interests of the United States. The action which the United States has taken with respect to Cuban sugar is fully justified. But we also believe that the forces friendly to the United States should be encouraged. If the Cuban quota is redistributed among others, and they gain a vested interest in selling these highly subsidized amounts to the United States, it will be very difficult indeed to reverse this situation when the Cubans are again friendly and free.

In the second place, building up such vested interests might very well create a situation where these nations would be a great deal less concerned about bringing a change in the Cuban Government than they would otherwise be. Surely we do not want to build up economic pressures which would be satisfied with the status quo in Cuba because their interests would be harmed if Cuba again became friendly and free.

In the third place, the price paid for the "nonquota" or Cuban share under the House bill would still be the highly subsidized price which offers virtually no protection or consideration to the American housewife and consumer.

COMMITTEE AMENDMENT

As an alternative we proposed and the committee accepted an amendment which would give the United States the right to buy this sugar from whatever sources it could (either on the free world market or under quota arrangements which the President deemed proper) but which would provide that the "quota premium" of about $2\frac{1}{2}$ cents per pound be paid into the Treasury of the United States instead of into the pockets of the producers of this additional 3 million tons. This would net the American Treasury and hence the American taxpayer about \$140 million a year.

This proposal has merit for:

(1) It would provide some protection to the hard pressed American consumer—if not through lower sugar prices at least through increased revenues to the Treasury and hence lower taxes than otherwise. In this way the basic provision of the act concerning consumer protection would be carried out to this limited extent.

(2) More than adequate supplies are now available for this purpose for there is now a surplus of sugar in the world.

(3) It would avoid building up a vested interest in the highly subsidized American market by those who would receive the right to fill the "nonquota" or former Cuban quota.

(4) It would assist the United States in its balance of payments problem.

This is important as we have said for, among other reasons, it would give some greater reason and hope to the anti-Castro forces to throw off the present shackles. They would then know that if their Government became friendly to the United States the American market could be restored.

Furthermore, this proposal is exactly what the American Government did with respect to the Dominican Republic this last year. Dominican sugar was purchased at the world price, but instead of paying the additional "quota premium" to the Dominican producers it was paid into the American Treasury. Consequently, there is precedent for this amendment.

Some argue that the distribution of the Cuban quota to others is necessary as a foreign aid measure. We reject this argument. Foreign aid, under this argument, would go to countries not on the basis of demonstrated need but on the basis of their sugar producing ability. Some non-sugar-producing countries may well have greater needs for technical information, schools, roads, health services, etc., which are or can be supplied under foreign aid than do some sugar producing countries. This is no way to distribute foreign aid, namely, on the basis of who can produce sugar.

If need be the \$140 million could be earmarked which would be for foreign aid to our Latin American neighbors. This would both reduce the amount we would otherwise have to appropriate and would also allow the aid to be distributed according to demonstrated need rather than on the accident of sugar production.

In summary, this amendment would—

(1) Greatly benefit the American taxpayer whose interests have long been ignored in the administration of the Sugar Act.

(2) Avoid building up "vested interests" in the nonquota or former Cuban share of the American market at premium prices.

(3) Provide an incentive for the Cuban people and other countries to seek a change in the present Cuban Government rather than support for the status quo in Cuba as would be the case if the quotas were redistributed at premium prices.

(4) Provide additional funds which could be used for aid to Latin America on the basis of need and a well-planned program and not on the accident of who grows sugar.

(5) Follow a precedent already set by the American Government with the Dominican Republic only this last year.

(6) Assist the United States in its balance of payments problems.

PAUL H. DOUGLAS.
J. W. FULBRIGHT.

Calendar No. 113

87TH CONGRESS
1ST SESSION

H. R. 5463

[Report No. 125]

IN THE SENATE OF THE UNITED STATES

MARCH 22, 1961

Read twice and referred to the Committee on Finance

MARCH 28, 1961

Reported by Mr. BYRD of Virginia, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend and extend the Sugar Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, effective March 31, 1961, section 412 of the Sugar
4 Act of 1948 (relating to termination of the powers of the
5 Secretary under the Act) is amended to read: "The powers
6 vested in the Secretary under this Act shall terminate on
7 ~~December 31, 1962~~ *June 30, 1962*, except that the Secretary
8 shall have power to make payments under title III under
9 programs applicable to the crop year 1962 and previous crop
10 years".

11 SEC. 2. (a) Section 4501 (c) (relating to termination

1 of taxes on sugar) of the Internal Revenue Code of 1954 is
 2 amended by striking out "September 30, 1961" in each
 3 place it appears therein and inserting in lieu thereof "~~June~~
 4 ~~30, 1963~~" "*December 31, 1962*".

5 (b) Section 6412(d) (relating to refund of taxes on
 6 sugar) of the Internal Revenue Code of 1954 is amended
 7 by striking out "September 30, 1961" where it first appears
 8 therein and inserting in lieu thereof "~~June 30, 1963~~" "*De-*
 9 *cember 31, 1962*", and by striking out "September 30, 1961"
 10 where it appears therein the second time and inserting in
 11 lieu thereof "~~September 30, 1963~~" "*March 31, 1963*".

12 SEC. 3. Effective March 31, 1961, section 408 of the
 13 Sugar Act of 1948, as amended (relating to suspension of
 14 quotas), is amended by striking out of subsection (b) "for
 15 the period ending March 31, 1961" and inserting "for the
 16 period ending ~~December 31, 1962~~ *June 30, 1962*"; and by
 17 striking out of paragraph (b) (1) "for the balance of cal-
 18 endar year 1960 and for the three-month period ending
 19 March 31, 1961" and inserting "for the period ending ~~De-~~
 20 ~~cember 31, 1962~~ *June 30, 1962*"; and by inserting immedi-
 21 ately before the colon in subparagraph (2) (iii) of subsec-
 22 tion (b) a semicolon and the words "except that any amount
 23 which would be purchased from any country with which
 24 the United States is not in diplomatic relations need not be
 25 purchased" and by inserting in the "provided" clause a

1 comma after the phrase "additional amounts of sugar" and
2 inserting immediately thereafter the phrase "including any
3 amounts which would otherwise be purchased from any
4 such country with which the United States is not in diplo-
5 matic relations,"; and by striking out the semicolon at the
6 end of subparagraph (b) (2) (iii) and inserting "except
7 that consideration shall be given to countries of the Western
8 Hemisphere and to those countries purchasing United States
9 agricultural commodities;".

10 *SEC. 4. Subsection (b) of section 408 of the Sugar Act*
11 *of 1948, as amended, is amended by striking out the period*
12 *at the end of paragraph (3) and inserting in lieu thereof a*
13 *semicolon, and by adding the following new paragraph:*

14 *"(4) As a condition for the importation of any quan-*
15 *tity of nonquota purchase sugar from any foreign coun-*
16 *tries as provided in this subsection, a fee of approximately*
17 *the difference between the world price and the domestic price*
18 *of raw sugar, as determined by the Secretary, shall be paid*
19 *to the United States by the person applying for release of such*
20 *quantity of sugar."*

Passed the House of Representatives March 21, 1961.

Attest:

RALPH R. ROBERTS,

Clerk.

87TH CONGRESS
1ST SESSION

H. R. 5463

[Report No. 125]

AN ACT

To amend and extend the Sugar Act of 1948,
as amended.

MARCH 22, 1961

Read twice and referred to the Committee on Finance

MARCH 28, 1961

Reported with amendments

Mar. 29, 1961

SENATE

2. SUGAR. Both Houses agreed to the conference report on H. R. 5463, to amend and extend the Sugar Act (pp. 4899-01, 4975-6). This bill will now be sent to the President. (H. Report No. 212).

Earlier the Senate passed this bill with amendments (pp. 4812, 4822-38, 4850, 4856-78). By a vote of 55 to 34, agreed to an amendment by Sen. Ellender to strike out a provision which had been inserted by the

Senate Committee to provide for the payment into the U. S. Treasury of the difference between the U. S. price and the world price on all foreign sugar purchased under the reallocation of the Cuban quota (pp. 4822-38, 4850, 4856-65). Agreed to an amendment by Sen. Anderson to give domestic areas absolute priority on any quota withdrawn from Cuba and give "new and potential producers of sugar beets and sugar cane" certain consideration in the event restrictive proportionate shares are reimposed on domestic beet or cane production (this provision was later eliminated by the conference committee) (pp. 4865-77).

As agreed to the bill extends the Sugar Act for 15 months, until June 30, 1962, relieves the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations, and requires that in above-quota foreign purchases special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U. S. agricultural commodities. The report of the Senate Finance Committee contains the following statement regarding the distribution of any reductions in the Cuban quota:

"The bill would continue Presidential authority to establish the sugar quota for Cuba through June 30, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

"(1) An amount equivalent to Cuba's share in any domestic area deficit may be assigned to other domestic areas; and then

"(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; then

"(3) To the Republic of the Philippines 15 percent of the remainder; and then

"(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, 'except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased'; and then

"(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U. S. agricultural commodities."

The conference report contains the following statement regarding long-range sugar legislation:

"The Senate adopted an amendment giving domestic areas absolute priority on any quota withdrawn from Cuba and giving 'new and potential producers of sugar beets and sugar cane' certain consideration in the event restrictive proportionate shares are reimposed on domestic beet or cane production."

"The Senate receded from this amendment with the understanding that hearings on a long-range sugar bill will be started by the House Committee on Agriculture early in May and that every effort will be made to report a bill and pass it through the House at this session of Congress. The House conferees also expressed the hope that the Senate Committee on Finance would undertake hearings contemporaneously with those of the House so that long-range sugar legislation might be enacted at the earliest practicable date."

10. HOUSING. Both Houses received from the President his proposed housing bill; to H. and S. Banking and Currency Committees. pp. 4786-4984
11. SCHOOL LUNCH. Sen. Wiley urged that cheese be included in the food served under the school lunch program and inserted his correspondence with Secretary Freeman on the matter. pp. 4803-4
12. FORESTRY. Sens. Metcalf and Mansfield commended the service of Charles L. Tebbe, regional forester, region 1, Forest Service, upon his retirement. p. 4881
Sen. Morse commended the Forest Service experiment being conducted at Cascade Head, Oreg., in cooperation with the Publisher's Paper Co., on modern forms of skyline logging which offer promise of minimizing soil erosion on steep slopes, and he inserted several items discussing the experiment. pp. 4897-9
13. PUBLIC WORKS. Sen. Clark spoke in support of his bill, S. 936, to authorize a program of Federal grants to State and local governments to accelerate public works of all kinds, and he inserted the results of a survey by the American Municipal Assoc. of various cities as to whether they would take advantage of the legislation if it is enacted. pp. 4838-47
14. FOOD INSPECTION; HAM. Sen. Wiley inserted a Central Cooperatives, Inc., Superior, Wisc., resolution opposing the practice of adding water to hams. p. 4787
15. BUDGET; EXPENDITURES. Sen. Miller expressed concern over recommendations by the President which would result in increased expenditures and inserted a table, "Increases over Eisenhower spending program for fiscal year 1961 and 1962 by President Kennedy." pp. 4800-01
16. PERSONNEL. Sen. Hart inserted an article from the American Bar Assoc. Journal discussing the activities of Federal hearing examiners and favoring increased salaries for them. pp. 4801-2

ITEMS IN APPENDIX

17. SURPLUS PROPERTY. Extension of remarks of Rep. McCormack inserting a Dept. of Labor-HEW report showing eligible educational, health, and civil defense units receiving surplus property in the month of Feb. 1961. pp. A2220-1
18. EDUCATION. Extension of remarks of Rep. Rivers, Alaska, suggesting "alternative remedies" to the proposed aid to education bill. pp. A2224-5

EXTENSION OF SUGAR ACT

MARCH 29, 1961.—Ordered to be printed

Mr. COOLEY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 5463]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 8.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, and 6, and agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *special consideration*; and the Senate agree to the same.

HAROLD D. COOLEY,
CLARK W. THOMPSON,
PAUL C. JONES,
CHARLES B. HOEVEN,
PAUL B. DAGUE,

Managers on the Part of the House.

HARRY F. BYRD,
By K.

ROBT. S. KERR,
RUSSELL LONG,
By G.A.S.

GEO. A. SMATHERS,
FRANK CARLSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 5463 to amend and extend the Sugar Act of 1948, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

As agreed to by the conferees, the bill reported back herewith is different from the bill as adopted by the House in only two respects: (1) The termination date and (2) the provision giving special consideration to countries of the Western Hemisphere and countries purchasing U.S. agricultural commodities in the allotment of ex-quota purchases of sugar.

Termination date.—The House conferees have agreed to an extension of 15 months (to June 30, 1962) instead of the 21 months (to December 31, 1962) provided in the House bill.

Ex-quota purchases.—The House bill provided that "consideration" should be given in ex-quota purchases to "countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities." The Senate adopted an amendment changing the word "consideration" to "preference." The conferees have agreed on the words "special consideration" in lieu of the Senate amendment.

Provision for new growers.—The Senate adopted an amendment giving domestic areas absolute priority on any quota withdrawn from Cuba and giving "new and potential producers of sugar beets and sugar cane" certain consideration in the event restrictive proportionate shares are reimposed on domestic beet or cane production.

The Senate receded from this amendment with the understanding that hearings on a long-range sugar bill will be started by the House Committee on Agriculture early in May and that every effort will be made to report a bill and pass it through the House at this session of Congress. The House conferees also expressed the hope that the Senate Committee on Finance would undertake hearings contemporaneously with those of the House so that long-range sugar legislation might be enacted at the earliest practicable date.

HAROLD D. COOLEY,
CLARK W. THOMPSON,
PAUL C. JONES,
CHARLES B. HOEVEN,
PAUL B. DAGUE,

Managers on the Part of the House.

ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$25,000 to Michael J. Collins, of Rego Park, Long Island, New York, a decorated combat veteran of World War II and the Korean conflict, in full settlement of all of his claims against the United States and as reimbursement to him for expenses incurred in establishing his innocence and to remove injustices resulting to him from his conviction which was based upon fraudulent evidence fabricated and produced by certain unscrupulous members of the United States Army: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

HELEN IRMA IMHOOF

The Senate proceeded to consider the bill (S. 118) for the relief of Helen Irma Imhoof, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That in the administration of the Immigration and Nationality Act the periods of time Helen Irma Imhoof resided abroad in the employ of the United States Ambassador to Italy shall be held and considered to be residence and physical presence in the United States within the meaning of section 316 of the said Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

KRSTE ANGELOFF

The Senate proceeded to consider the bill (S. 139) for the relief of Krste Angeloff, which had been reported from the Committee on the Judiciary, with an amendment, in line 6, after the word "States", to insert a colon and "*Provided,* That the natural parents of the said Krste Angeloff shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of section 101(a) (27) (A) and 205 of the Immigration and Nationality Act, Krste Angeloff shall be held and considered to be the natural-born alien minor child of Mrs. Miles Angeloff, citizen of the United States: *Provided,* That the natural parents of the said Krste Angeloff shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HAJIME ASATO

The Senate proceeded to consider the bill (S. 274) for the relief of Hajime Asato, which had been reported from the Committee on the Judiciary, with an amendment, in line 6, after the word "date", to insert "of the enactment", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Hajime Asato shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ERICA BARTH

The Senate proceeded to consider the bill (S. 277) for the relief of Erica Barth, which had been reported from the Committee on the Judiciary, with an amendment, in line 8, after the word "residence", to insert "to such alien", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Erica Barth shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ANTE TONIC (TUNIC) AND OTHERS

The Senate proceeded to consider the bill (S. 313) for the relief of Ante Tonic (Tunic), his wife Elizabeth Tunic, and their two minor children, Ante Tunic, Jr., and Joseph Tunic, which had been reported from the Committee on the Judiciary, with an amendment, on page 2, line 2, after the word "required", to strike out "number" and insert "numbers", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Ante Tonic (Tunic), his wife, Elizabeth Tunic, and their two minor children, Ante Tunic, Junior, and Joseph Tunic, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control

officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

STANLEY BULSKI (ZDZISLAW REKOSZ)

The Senate proceeded to consider the bill (S. 532) for the relief of Stanley Bulski (Zdzislaw Rekosz), which had been reported from the Committee on the Judiciary, with an amendment, on page 2, line 1, after the word "available", to insert a colon and "*Provided,* That the natural parents of the said Stanley Bulski (Zdzislaw Rekosz) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Stanley Bulski (Zdzislaw Rekosz) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available: *Provided,* That the natural parents of the said Stanley Bulski (Zdzislaw Rekosz) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. ELIZABETH CLIFFORD

The Senate proceeded to consider the bill (S. 545) for the relief of Mrs. Elizabeth Clifford, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Mrs. Elizabeth Clifford shall be held and considered to have been lawfully admitted to the United States for permanent residence on September 30, 1956: *Provided,* That a suitably and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NICOLAOS A. PAPADIMITRIOU

The Senate proceeded to consider the bill (S. 555) for the relief of Nicolaos A. Papadimitriou, which had been reported from the Committee on the Judiciary, with an amendment, in line 7, after the word "States", to insert a colon and "*Provided,* That the natural parents of the said Nicolaos A. Papadimitriou shall

not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of section 101(a) (27) (A) and 205 of the Immigration and Nationality Act, Nicolaos A. Papadimitriou shall be held and considered to be the natural-born minor alien child of Mr. and Mrs. James N. Demmette, citizens of the United States: *Provided,* That the natural parents of the said Nicolaos A. Papadimitriou shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MICO DELIC

The Senate proceeded to consider the bill (S. 138) for the relief of Mico Delic, which had been reported from the Committee on the Judiciary, with amendments, in line 4, after the word "Act", to insert "the minor child"; in line 6, after the word "naturalborn", to strike out "minor", and in line 7, after the word "States" to strike out "Provided, That no natural parent of Mico Delic by virtue of such parentage shall be accorded any right, privilege, or status under the Immigration and Nationality Act"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child Mico Delic shall be held and considered to be the naturalborn minor alien child of Mr. and Mrs. Eli Delich, citizens of the United States.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HADJI BENLEVI

The Senate proceeded to consider the bill (S. 177) for the relief of Hadji Benlevi, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 10, after the word "deduct", to strike out "the required" and insert "one"; in line 11, after the word "quota", where it appears the first time, to strike out "or quotas", and on page 2, at the beginning of line 1, to strike out "or quotas are" and insert "is"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Hadji Benlevi shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available:

Provided, That the said Hadji Benlevi executes and files with the Attorney General, in such form as he shall require, a written waiver of all rights, privileges, exemptions, and immunities under any law or any Executive order which would otherwise accrue to him if he retains this occupational status as a treaty trader.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

IN FIL CHUNG AND OTHERS

The Senate proceeded to consider the bill (S. 546) for the relief of In Fil Chung, In Ae Chung, In Sook Chung, and In Ja Chung, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 6, after the word "the," to strike out "minor" and insert "naturalborn," and in line 8, after the word "States," to strike out "*Provided,* That no natural parent of the beneficiary, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act," and insert "*Provided,* That the natural father of the beneficiaries, by virtue of such parentage, shall not be accorded any right, privilege, or status under the Immigration and Nationality Act"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor children, In Fil Chung, In Ae Chung, In Sook Chung and In Ja Chung, shall be held and considered to be the natural-born alien children of Mr. and Mrs. Elmer Bussmann, citizens of the United States: *Provided,* That the natural father of the beneficiaries, by virtue of such parentage, shall not be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ANDREAS RAKINTZIS (RAKAJES)

The Senate proceeded to consider the bill (S. 663) for the relief of Andreas Rakintzis (Rakajes), which has been reported from the Committee on the Judiciary, with an amendment, on page 1, line 6, after "(73 Stat. 644)", to strike out "Andreas Rakintzis (Rakajes)" and insert "Andreas Rakintzis (also known as Andreas Rakintzis or Rakajes)", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of section 4 of the Act entitled "An Act to provide for the entry of certain relatives of United States citizens and lawfully resident aliens", approved September 22, 1959 (73 Stat. 644), Andreas Rakintzis, also known as Andreas Rakintzis or Rakajes) shall be held and considered to be eligible for a quota immigrant status under the provisions of section 203(a) (4) of the Immigration and Nationality Act on the basis of a petition approved by the Attorney General prior to January 1, 1959.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Andreas Rakintzis (also known as Andreas Rakintzis or Rakajes)."

EXTENSION OF SUGAR ACT OF 1948

The bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended, was announced as next in order.

Mr. MUSKIE. Mr. President, I ask that the calendar call be ended at this point.

The PRESIDING OFFICER. Without objection, the calendar call is ended at this point.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 113, H.R. 5463, and that it be made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

The PRESIDING OFFICER. The question is on the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5463), to amend and extend the Sugar Act of 1948, which had been reported from the Committee on Finance, with amendments, on page 1, at the beginning of line 7, to strike out "December 31, 1962" and insert "June 30, 1962"; on page 2, line 3, after the word "thereof", to strike out "June 30, 1963" and insert "December 31, 1962"; in line 8, after the word "thereof"; to strike out "June 30, 1963" and insert "December 31, 1962"; in line 11, after the word "thereof", to strike out "September 30, 1963" and insert "March 31, 1963"; in line 16, after the word "ending", to strike out "December 31, 1962" and insert "June 30, 1962"; in line 19, after the word "ending", to strike out "December 31, 1962" and insert "June 30, 1962", and on page 3, after line 9, to insert a new section, as follows:

SEC. 4. Subsection (b) of section 408 of the Sugar Act of 1948, as amended, is amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon, and by adding the following new paragraph:

"(4) As a condition for the importation of any quantity of nonquota purchase sugar from any foreign countries as provided in this subsection, a fee of approximately the difference between the world price and the domestic price of raw sugar, as determined by the Secretary, shall be paid to the United States by the person applying for release of such quantity of sugar."

WILLIAM ATTWOOD, AMBASSADOR TO GUINEA

Mr. DODD. Mr. President, I regret that I was not in the Chamber yesterday afternoon at the time the nomination of William Attwood as Ambassador to Guinea was confirmed.

Mr. Attwood is a resident of New Canaan, Conn., and I am privileged to

The Post Office Department previously prepared a schedule of rate revisions to provide the necessary additional postal revenues. The present administration of the Post Office Department, because of the general situation described, proposes this same schedule of rate revision.

II. REVENUES AND EXPENDITURES

According to current estimates, the deficiency of income in 1962 will reach \$894 million. This is an alltime high.

	Annual amounts (in millions)		
	1960 (actual)	1961 (estimate)	1962 (estimate)
Total obligations.....	\$3,874	\$4,269	\$4,424
Net revenue.....	3,277	3,442	3,593
Postal deficiency (fund basis).....	597	827	831
Payment for public service.....	37	49	63
Total Treasury financing.....	634	876	894

III. PUBLIC SERVICE ALLOWANCES

In each of its actions since enactment of the Postal Policy Act, 1958, Congress has followed the same pattern in determining public service allowances.

Similar action was assumed for 1962 by the previous administration. This would set public service allowances at \$63 million.

IV. THE POSTAL DEFICIENCY

According to the Postal Policy Act, the users of the mail should pay the cost of handling the mail, except for public service allowances.

According to the Department's 1962 estimates without a general rate revision users would pay \$831 million less than this cost. (This is \$12 million less than the amount set forth in the original budget because of a reduction in proposed expenditures.)

V. THE POSTAL DEFICIENCY BY PRINCIPAL CLASSES OF MAIL

The most recent figures are given in the 1960 Cost Ascertainment Report as follow:

	Revenue surplus (+) or deficiency (-) (in millions)
1st-class mail.....	-\$4
Domestic airmail.....	+11
2nd-class mail:	
Regular-rate publications.....	-256
Preferential-rate and free-in-county (after statutory public service allowance).....	-90
3d-class mail.....	-252
4th-class mail.....	-113

VI. ADMINISTRATIVE RATE REVISIONS

The Post Office Department will soon file a request with the Interstate Commerce Commission for revised rates for parcel post, the service that accounts for most of the loss shown above in fourth-class mail.

The Postmaster General has authority to establish certain rates, such as for international mail, and fees for certain special services, such as postal money orders, registry, special delivery, and collect-on-delivery.

Revisions of these administrative rates are being made and will produce approximately \$90 million in 1962 (\$15 million additional revenues from international mail was already included in the 1962 budget estimates).

VII. LEGISLATIVE RATES

After public service allowances and after administrative-rate increases are taken into account, there remains \$741 million to be obtained from legislative-rate increases.

A 1-cent increase for first-class and airmail would produce \$423 million in new re-

venue, leaving \$318 million to be obtained from second- and third-class mail and all other legislative adjustments.

It is expected that a schedule for accomplishing this objective will soon be submitted by the President to the Congress.

THE MERGER OF MANUFACTURERS TRUST AND HANOVER BANK

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter which I received this morning from Mr. Horace C. Flanigan, of the board of the Manufacturers Trust Co., of New York, in which he states there were some inaccuracies in the statement I made on the floor of the Senate concerning his alleged contract of compensation in connection with the merger between the Manufacturers Trust Co. and Hanover Bank.

He outlines in his letter the actual contract which he has enjoyed for the past 3 years with Manufacturers Trust Co., and which apparently will be the basis of his compensation when Hanover merges with Manufacturers.

I did not furnish a copy of the letter to the press gallery because the newspapers of the Nation did not publish what I said last Friday, and I therefore assumed that they were not interested in Mr. Flanigan's statement.

However, for the benefit of my colleagues I will say that Mr. Flanigan said I was in error in saying that the airplane would be his private airplane, but that, instead, when he was not using it, other bank officials could use it. He states that the limousine with the liveried chauffeur would not be his private limousine, but that when he was not using it, it could be used by other bank officials.

Mr. Flanigan states that the insurance policy of \$100,000 on his life was a part of the general pool of all bank officials, and that in view of the fact he was taken on at the age of 65 his policy has depreciated at the rate of \$10,000 a year.

With respect to what I said about his being paid a \$25,000 a year bonus at the end of his active employment after a period of 10 years, he said it was not a bonus, but deferred compensation; that he would get it only for the number of years that he actually was on duty; first at a salary of \$125,000 a year, and later at a salary, as a part-time consultant, of \$50,000 a year.

In fairness to Mr. Flanigan I ask that the letter may be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MANUFACTURERS TRUST CO.,
New York, N.Y., March 28, 1961.

The Honorable A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: In our telephone conversation yesterday, during which I expressed my great surprise and concern at the comments which you made on the floor of the Senate on March 24 about my employment contract with the Manufacturers Trust Co., you stated that you would welcome a

full statement of the facts. I am glad to respond to that suggestion.

On September 30, 1957, the board of directors of the Manufacturers Trust Co., considered, in the words of the minutes of the meeting, "the desirability of assuring to the trust company the continuation of the services of the chairman of the board, Mr. Horace C. Flanigan, particularly after he ceases to be the chief executive officer." The board appointed a committee of four outside directors and instructed them to confer with me about the continuation of my services. After 6 weeks' study, the committee recommended and the board approved the following contract that was executed on November 18, 1957:

"This agreement made at New York, N.Y., this 18th day of November 1957, by and between Manufacturers Trust Co., a New York banking corporation, hereinafter referred to as the 'trust company,' and Horace C. Flanigan, hereinafter referred to as 'Flanigan,' witnesseth:

"Whereas Flanigan has been employed by the trust company for more than 25 years and during that period has had an important part in its management and has contributed substantially to its growth and success; and

"Whereas since 1951 Flanigan has been and is now employed by the trust company on a full-time basis as chief executive officer and now has the title of 'chairman of the board of directors'; and

"Whereas the trust company desires to make provision for the continuance of Flanigan's employment as chief executive officer and to obtain the continued benefit of Flanigan's advisory and consulting services as a part-time employee when he ceases to be chief executive officer; and

"Whereas Flanigan is willing to render the services provided for herein on the terms and conditions herein set forth: Now, therefore, in consideration of the premises and the mutual covenants and agreements herein contained the parties hereto agree as follows:

"1. So long as the board of directors of the trust company shall determine, Flanigan agrees to serve the trust company as the chief executive officer on a full-time basis at a salary at the rate of \$125,000 per annum payable in approximately equal instalments on the customary salary payment dates of the trust company. At any time after November 18, 1959, Flanigan may elect on 30 days' written notice to the trust company to terminate his services as chief executive officer at the expiration of such 30-day period with the same effect hereunder as if such termination were determined by the board of directors of the trust company.

"2. On the termination of Flanigan's services as chief executive officer of the trust company under paragraph 1 hereof and for a period of 5 years from that date, Flanigan agrees to continue as a part-time employee during such 5-year period and render such advisory and consulting services to the trust company as may be reasonably required by the board of directors of the trust company, and subject to their supervision and control. Flanigan shall be required to devote in the aggregate up to but not exceeding one-half of his time during regular business hours to such services. Flanigan, however, shall be required to render such services only at such times and to such extent as his health permits and does not unduly interfere with his other activities which he may be engaged in during the other half of his time not committed to the trust company. Flanigan's annual salary under this paragraph 2 shall be at a rate equal to the sum of \$50,000 per annum plus the annual pension Flanigan would have been entitled to had he remained in the trust company's service and been in force, if he retired at the time of termination of his services under paragraph 1. Such pension shall be payable in approximately equal instalments on the customary salary payment dates of the trust company.

dates of the trust company. In the event that Flanigan becomes physically or mentally incapable of performing the services provided for in this paragraph 2, the board of directors of the trust company shall have the right to terminate the period provided for as of a date to be determined by the board of directors.

"3. During the period of part-time employment provided for in paragraph 2 hereof, the trust company shall provide for Flanigan a suitable office in the building occupied by its branch at Fifth Avenue and 43d Street in the city of New York, and shall also provide him with such secretarial and other services as he may reasonably require in carrying out his obligations under said paragraph 2.

"4. During the period provided for in paragraph 1 hereof as well as during the period provided for in paragraph 2 hereof, the trust company shall pay, or reimburse Flanigan for, expenses paid or incurred by Flanigan in performing his obligations under paragraphs 1 and 2 hereof of the same general nature and to the same general extent now being paid or reimbursed to Flanigan.

"5. During the periods provided for in paragraphs 1 and 2 hereof, Flanigan, in addition to the salary payments provided for in said paragraphs, shall participate in and be covered by such pension, profit sharing, insurance, and other benefit plans as are provided by the trust company for its active employees, and he shall not be treated as a retired employee until the completion of his employment under paragraph 2 hereof.

"6. As a further inducement to Flanigan to enter into this agreement, the trust company, upon the termination of his employment under paragraph 2 hereof, agrees to pay to Flanigan an aggregate amount equal to \$25,000 for each full year, and proportionately for each fraction of a year, of his service under paragraphs 1 and 2 hereof, which aggregate amount shall be payable at the rate of \$25,000 per annum, and such annual amount to be payable in approximately equal installments on the customary salary payment dates of the trust company. In the event of Flanigan's death prior to the payment in full of the sums provided for in this paragraph 6 hereof, and whether such death occurs before or after the completion of his period of employment under paragraphs 1 and 2 hereof, the balance shall be paid to Flanigan's legal representative promptly after the qualification of such legal representative.

"7. During the period provided for in paragraphs 2 and 6 hereof, Flanigan agrees that he will not directly or indirectly engage in any business which is competitive with the business of the trust company.

"8. The obligation of the trust company to make the payments provided for in paragraph 6 hereof shall be conditioned upon Flanigan's due performance of his obligations under paragraphs 1, 2, and 7 hereof.

"9. This agreement shall inure to the benefit of and be binding upon the trust company, its successors and assigns (including without limitation any corporation which might acquire all or substantially all of the trust company's assets and business or with which the trust company may be consolidated or merged).

"10. This agreement shall be governed by the laws of the State of New York.

"In witness whereof the parties hereto have executed this agreement the day and year first above written.

"Attest:

"J. F. ADAMS.

"MANUFACTURERS TRUST CO.,

"By E. S. HOOPER,

"H. C. FLANIGAN."

In the light of the facts of this contract, Senator, I believe the record should be set straight to show that—

My employment contract is not one of the terms of the merger of the Manufacturers Trust Co. and the Hanover Bank, but antedated the merger agreement by more than 3 years;

This contract is not a million-dollar bonus or any kind of bonus, but is compensation—part payable currently and part deferred—for services now being rendered and to be rendered under its paragraphs 1 and 2;

No provision of the contract or possible interpretation of it could provide a basis for the statement regarding me that "with no duties to perform he will first be carried on the payroll of the merged institution at a salary of \$125,000 per year."

It was my intention that, at the end of the first 2 years following 1957, I would retire as chairman of the board and chief executive officer. In September 1959, the then president of the bank, Eugene S. Hooper, informed me that he was forced to relinquish his office and responsibilities because of ill health. We were most fortunate to secure the services of Charles J. Stewart to replace him as president. Mr. Stewart had been president of the New York Trust Co. and was a general partner of Lazard Freres & Co. when he came to us. He took office in November 1959 and I was urged by members of the board to stay on another year during this transition period. In the fall of 1960, I had notified members of the board that I wanted to retire as chief executive officer at the end of that year in favor of Mr. Stewart. In December, however, active merger negotiations were undertaken by William S. Gray, chairman of the Hanover Bank, and myself. These merger negotiations were interrupted by a business trip that I had to make to California but on my return early in January they were resumed and the merger was agreed upon by the two boards. It is planned that Mr. Stewart will be chairman of the board of the merged bank, R. E. McNeill, Jr., now president of the Hanover, will be president and Gabriel Hauge, now chairman of the finance committee of Manufacturers Trust Co. will be vice chairman. It is also planned that Mr. Gray will become chairman of the finance committee and that I will become chairman of the executive committee.

So much for the contract. Now let me take up the other matters to which reference has been made. It has been said that I am provided a private airplane. The facts are that the airplane was purchased for the Manufacturers Trust Co. in 1946 by the late Harvey D. Gibson, then president of the trust company, and has been in use by the bank since that time. It is available to the bank's executives for use in furthering the bank's interests and has been so used. It is in no sense for my exclusive use.

It has also been said that the bank maintains a deluxe suite at the Waldorf-Astoria for the use of myself and my family. The fact is that I maintain a home in Purchase, N.Y., which is fully staffed all year around and where I live when I am not in New York City attending to bank business and meeting customers. This apartment is also available to other executives of the bank and for meetings incident to bank business. As for my family, occasionally my married children stay there over night with me when the second bedroom in the apartment is not occupied. In such cases, I have remitted these occupancy costs to the bank.

A further matter relates to a car and chauffeur. It is true that a car and chauffeur are at my disposal for bank business, but when this car is not being used by me it is available for the use of other members of the bank's executive staff. At my home in Purchase, I have a chauffeur and automobiles to take care of my personal needs.

Reference has also been made to a large insurance policy being carried on my life. The policy referred to is part of the bank's

group life insurance. This plan was amended in 1960 to increase benefits and make it more equitable. Among other things, it provided that anyone who was over 62, but not over 70, at that time would retain his policy at full value for 5 years. This provision applies not only to me but to many others as well. Starting in 1965, the face amount of the policy of \$100,000 will decline 10 percent in each of the succeeding 5 years until it reaches \$50,000.

In the light of these facts, Senator, I believe the record should be set straight to show that—

No airplane is being provided for my private use;

No apartment is being furnished for the personal use of myself and my family;

No bank car and driver are provided for my purely personal use;

No special insurance policy is involved other than my participation in the bank's regular group insurance.

These are the facts, Senator, in relation to the points raised by you on the Senate floor. I hope this letter will clarify the situation.

Yours sincerely,

H. C. FLANIGAN.

EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, the bill as reported by the Senate Finance Committee was amended so as to extend the act for 15 months, rather than 21 months, as provided by the House version of the bill. The bill as reported by the Senate Finance Committee provides for payment into the U.S. Treasury of the difference between the U.S. price and the world price on all sugar purchased under the reallocation of the Cuban quota.

The bill as passed by the House and as referred to the Senate Finance Committee provided for extending the act to December 31, 1962. The Finance Committee amendment would terminate the present extension on June 30, 1962. It would appear that, in either event, Congress would need to legislate again on sugar during the 1962 session. The 15-month extension would give to producers, both in the United States and abroad, an additional period of certainty with regard to the oncoming crops.

The reallocation of the Cuban quota to various other sources has granted sudden additional business to those abroad and to those who export and import amounts formerly handled from Cuba.

The committee adopted an amendment which provides that an import duty equivalent to the difference between the world price and the U.S. price shall be assessed on all sugar imported under

the reallocation of the Cuban quota. Basic quotas would continue to be imported under the same circumstances as at the present time, without any imposition of an additional import fee. Only importations above the normal quotas would be assessed the extra fee.

Mr. LONG of Louisiana. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. LONG of Louisiana. As one who represents a sugar-producing State, I wish to express the gratitude of those of us who have an interest in this legislation. On behalf of the people of our State and the people of other sugar-producing States, I express our gratitude that the Senator from Virginia, the distinguished chairman of the committee, moved to hold hearings on this matter, and moved as expeditiously as possible in that connection.

Unfortunately, the bill did not reach the Senate until a few days ago. But the chairman of the committee arranged to hold hearings, at the request of those who wanted hearings held; and the Senator from Virginia moved as expeditiously as possible to see that opportunity was afforded to report this measure for the consideration of the Senate at the earliest possible moment.

There is no doubt that this proposed legislation is very important. It must be passed immediately if we are to avoid a chaotic situation with regard to the sugar market, contrary to the best interests of our nation; and the Senator is well aware of the haste that is necessary in this instance.

I regret very much that it was necessary to ask the chairman of the committee to act so expeditiously in connection with this measure; but all of us appreciate that he has done everything within his power to see to it that this matter was handled in the most expeditious fashion possible.

Mr. BYRD of Virginia. Mr. President, I appreciate very much what the Senator from Louisiana has said.

I realize the great importance of this proposed legislation; and we held all the hearings possible in connection with it.

Mr. President, I ask unanimous consent that my statement on the bill be printed at this point in the RECORD, as part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BYRD OF VIRGINIA

Twice last year, and now again early in this year the Senate is faced with a fast decision with regard to sugar. There seems to have developed a custom that the Senate be required to adopt or reject the bill sent to us from the House during the last hours of the life of the existing bill.

This is as regrettable to me as it is to various of my colleagues. We in the Finance Committee have given serious thought as to how it can be avoided in the future.

Whether we like it or not, we are now faced with a serious dilemma. It would be a serious matter to allow the Sugar Act to lapse. It would mean that there would be no controls on imports except for the normal tariff and excise taxes. Cuba could immediately proceed to unload sugar in this country—domestic growers of cane and sugar

beets would face disaster at the very time when preparations are being made for the 1961 crop. Prices would be affected and those who would like to see the United States in economic difficulty would have reason to rejoice.

We must have a bill before the deadline of March 31st. That is a relatively few hours away. I do hope the Senate will consider the consequences of a failure to get a bill through both Houses in time for the President to sign it.

Even though the time was very limited, the Finance Committee held some brief hearings on the bill. That hearing and the intense discussion during the executive session of the committee yesterday pointed up the fact that the whole Sugar Act and its many ramifications need longer, thorough hearings and an item by item discussion by the members of the committee in executive session. It is my profound hope that in the very near future we may be able to vote out a more permanent, longer term sugar bill that will be fair and equitable to domestic producers, consumers, refiners, and importers. We shall work toward that end.

The bill before the Senate today is the bill as passed by the House, with but two exceptions. The Finance Committee changed the termination date from December 31, 1962, to June 30, 1962. This may not have much effect on the mechanics of the legislation—for it would mean that Congress, sometime during the coming year would need to study another bill. To do it in 1963 would be too late. However, if the new bill is adopted prior to July 1962, foreign producers and our own producers of cane and sugar beets will have longer notice of what the new legislation will be and such time would be very valuable to them. Actually, there would be little to gain by giving the Congress the 6 months between July 1, and December 31 and it is my understanding that the House Agriculture Committee will accept that change.

The other amendment adopted by the committee would permit foreign countries supplying us with sugar under their regular quotas to continue to do so and to receive the U.S. price which is more than 2 cents above the world price. It would, however, require those bringing sugar into our markets above and beyond the regular quotas of the countries of origin of the sugar in question to pay into the U.S. Treasury the difference between the U.S. price and the world price, taking into consideration of course, such things as tariffs and ocean freight.

This would mean that the world price would be paid for the sugar purchased in foreign countries to replace that which will not be purchased from Cuba.

The bill as passed by the House would relieve the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations. In plain language this means that the President is not required to purchase any of the Cuban deficit from the Dominican Republic. If it were not for this language in the bill the President would not be able to withhold this bonus from the Dominican Republic, even though we have severed diplomatic relations with that country. This Cuban quota will, under the bill, be allocated to other countries on the basis of present quotas, with special consideration to be given to countries of the western hemisphere and to those countries purchasing U.S. agricultural products.

The bill would provide that any deficit in any domestic area quota which formerly would be supplied by Cuba should now go to other domestic areas.

It would assign to any nation with a present quota of at least 3,000 and not more than 10,000 tons a sufficient additional amount to bring each to the total of 10,000 tons.

The countries affected would be Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China.

It would give to the Republic of the Philippines 15 percent of the remainder.

The remaining 85 percent would be prorated to other nations on the basis of their existing quotas, although none need be purchased from any country with which the United States is not in diplomatic relations.

If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocation, but special consideration must be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

I firmly believe that this is the best bill that could be devised in the day or two which we had to consider the matter. I hope it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. DIRKSEN. First, Mr. President, I should like to inquire whether there is about to be immediate approval of the committee amendments and passage of the bill. I was given to understand that there was some controversy about some items in the bill. I would be the last one in the world to attempt to prolong this proceeding; but I wish to be sure that all Senators who wish to be heard will be protected.

I see now on the floor the distinguished Senator from Utah [Mr. BENNETT]. Let me say to him that the Chair has stated that the pending question is on agreeing to the committee amendments. I wonder whether that is agreeable to the distinguished Senator from Utah [Mr. BENNETT], the distinguished Senator from Kansas [Mr. CARLSON], and the distinguished Senator from Nebraska [Mr. CURTIS], all of whom are members of the Finance Committee.

Mr. BENNETT. As I understand, there are only two amendments. One reduces the period of time from 21 months to 15 months. I was the author of that amendment in the committee, so I certainly would agree to it here. The other amendment is the so-called Douglas amendment. I had assumed that some motions to delete that amendment would be made. But the amendment was adopted unanimously by the committee, so I am not about to move that the amendment be deleted.

Mr. LONG of Louisiana. Mr. President, could we agree at this point to all the committee amendments except the last one, which I think may be subject to some opposition; but I do not believe there will be any effort to oppose the other amendments.

Mr. BENNETT. Let me ask what the Senator means by "the last one."

Mr. LONG of Louisiana. I mean the Douglas amendment. There was no objection to it in the committee; but I understand there will be some inquiry about it, here on the floor.

Mr. CURTIS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Nebraska will state it.

Mr. CURTIS. If the committee amendments are agreed to, will a further amendment be in order? Let me say that I do not know that an additional amendment will be offered, but I wish

to understand the situation. Will the entire bill then be open to amendment?

The PRESIDING OFFICER. In that event, any part of the bill not covered by the committee amendments would be open to amendment.

Mr. CURTIS. Would the entire bill, including the committee amendments, then be open to amendment?

The PRESIDING OFFICER. When an amendment is agreed to, it is not open to further amendment, unless it is reconsidered.

Mr. DOUGLAS. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. For this purpose, let me ask whether the distinguished Senator from Nebraska contemplates the offering of any amendment other than those now printed in connection with the bill.

Mr. CURTIS. My present answer is that I do not. But I want all to understand what we are doing. That was primarily my reason for asking the question, because only a few Senators are now on the floor.

Mr. CARLSON. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. CARLSON. I should like to state that in the committee I discussed a proposed amendment; and sometime today I should like very much to bring it up here on the floor. At the present time I do not intend to offer it as an amendment; but I believe it should be discussed, and I may offer it. I would not wish to be precluded from offering it.

Mr. DIRKSEN. Let me ask the Senator from Kansas whether he has any objection to all the modifications of dates set forth in the bill—which would include all the amendments except the amendment styled No. 4, which is referred to as the Douglas amendment.

Mr. BENNETT. First, Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. BENNETT. I have just now been told that the senior Senator from Louisiana [Mr. ELLENDER] is interested in this problem, and that before the Senate votes on the committee amendments en bloc, an attempt probably should be made to communicate with Senator ELLENDER, so as to ascertain whether he intends to offer an amendment.

Mr. DOUGLAS. Mr. President, will my colleague yield to me?

Mr. DIRKSEN. I yield to my colleague.

Mr. DOUGLAS. I thank the Senator.

Mr. President, the procedure which we frequently adopt with similar bills is to accept the committee amendments, but with the understanding that a motion to strike any such amendment may subsequently be made. If such a procedure is agreeable to the chairman of the committee, the senior Senator from Virginia [Mr. BYRD], I would suggest that might be the procedure adopted in this case, namely, that we adopt the committee amendments, and then we can proceed on any motion to strike or to add.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. HOLLAND. I am sure a repetition of the unanimous consent request will advise the Senate as to just what it is that the senior Senator from Virginia has requested. As the Senator from Illinois has stated, if the request is that the committee amendments be adopted en bloc, with the understanding that the bill as amended would be regarded as an original bill and would be subject to amendment of the kind suggested by the Senator from Illinois, I think we would be under no difficulty whatsoever. But I do not know, and that is the reason why I am asking the Senator from Illinois, just what was the unanimous consent request.

Mr. DIRKSEN. That fact is that the Chair put the question. I thought there was some controversy about some of the amendments. I wanted to be sure that every Senator who had an abiding interest in this matter would be protected. It is not for the Senator from Illinois to make the request, but if the Senator from Virginia asks that the bill as amended be considered as original text, that solves the problem. Then the bill will be amendable in any way.

Mr. HOLLAND. Mr. President, I ask the Senator from Virginia what his unanimous-consent request is.

Mr. BYRD of Virginia. Mr. President, the Senator from Louisiana [Mr. ELLENDER] has asked me a question. The question under discussion is whether the amendments should be adopted en bloc. Let me say, however, that in the consideration of the unemployment insurance bill the Senate refused to give me, as a member of the committee, the right to have the amendments adopted en bloc. Objection was made.

Mr. HOLLAND. Mr. President, may I ask the distinguished senior Senator from Virginia what his unanimous-consent request was in this particular case?

Mr. BYRD of Virginia. I have not made any. The Senator from Louisiana has a very deep interest in the bill. I would like to ask him whether he has any objection to adoption of the amendments en bloc.

Mr. ELLENDER. Not if the bill is subject to amendment.

Mr. BYRD of Virginia. Mr. President, I make a motion that all the committee amendments be considered and adopted en bloc, subject, of course, to the understanding that the bill is subject to amendment, just as an original bill.

Mr. HOLLAND. That the bill will be considered as original text.

Mr. DIRKSEN. Mr. President, will the Chair state the motion before the Senate?

The PRESIDING OFFICER. The Senator from Virginia has moved that the committee amendments be agreed to en bloc, with the understanding that the bill be subject to amendment as though it constituted an original bill.

The question is on agreeing to the motion of the Senator from Virginia.

The motion was agreed to.

Mr. DOUGLAS. Mr. President, the bill and the amendment are extremely important both from the standpoint of the finance of government and possible windfalls which might accrue to favored parties—if the so-called Douglas amendment is eliminated—and the whole foreign policy of the United States in the Latin American countries.

I should like to start off, if I may, by saying the action of the Finance Committee in accepting the amendment which I had the honor to propose is, in my judgment, to be highly commended. I pay special tribute to the distinguished Senator from Virginia [Mr. BYRD] for the cooperation which he showed in the adoption of the amendment.

The Senator from Virginia and the Senator from Illinois are frequently on opposite sides of issues, but in this case we formed an implicitly holy alliance to protect the American consumers and taxpayers. I am very happy to be on his side in this issue, and it pleases me very much.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. BYRD of Virginia. The idea of an alliance is, in the opinion of the Senator from Illinois, if he agrees to the alliance, a holy one; if he disagrees to it, it is an unholy one.

Mr. DOUGLAS. Let me say to the Senator from Virginia this is a time to which I have always looked forward. I have greatly admired the Senator from Virginia, and it has been a source of personal pain to me on the occasions when we have had to disagree. But it is very pleasant now to be associated with him in a measure to save the taxpayers of the country \$150 million, and possibly pave the way for even greater reforms in the future.

The amendment, which was adopted unanimously by the Finance Committee, is the first one in many years in which, in connection with the Sugar Act, the interests of the American consumers and taxpayers have been taken into account.

The effect of the amendment is to make certain that the so-called quota premium—the difference between the world price for sugar, which, as of last night, was 3.02 cents, and the domestic highly subsidized price, which was approximately 5.6 cents, that difference minus the transportation cost of approximately three-tenths of a cent.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. DOUGLAS. May I finish the paragraph? Then I shall yield for a question.

In all, the difference, amounting to about 2.3 cents a pound, which comes to \$46 a ton on the 3 million tons which were formerly imported from Cuba, or about \$150 million, is to be paid, under the Douglas amendment, into the American Treasury, rather than into the pockets of producers, middlemen, speculators, or others who would otherwise receive windfall profits from the reallocation of the 3 million tons previously given to Cuba.

Now I am glad to yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, would the distinguished and learned Senator favor the Senate with a definition of the word "subsidy"?

Mr. DOUGLAS. I shall indicate the fourfold nature of the subsidies which have been paid out of the pockets of consumers, but in this present instance—

Mr. CURTIS. I am referring to the definition of the word, rather than the interpretation of the act.

Mr. DOUGLAS. I would refer the Senator to Webster's dictionary. We can find the definition in that volume. But in the present instance I would say that what we are trying to do is provide that the difference between the present American price of sugar and the present world price of sugar, instead of going into the pockets of importers, whoever they may be, go into the pockets of the Treasury, and hence to the American people.

The Senator is well acquainted with the fact that the price of sugar in the Caribbean, where the major portion of the world's sugar in international trade originates, is only slightly over 3 cents. When the sugar reaches the United States it is paid for at the rate of 5.6 cents. With a transportation cost of three-tenths of a cent per pound, this amounts to a "subsidy"—I would define it as such—of 2.3 cents a pound. On a short ton of 2,000 pounds, this represents a direct subsidy of \$46 a ton.

Since the previous Cuban quota was approximately 3 million tons, which is to be reallocated, there is a total direct subsidy of about \$150 million.

Mr. CURTIS. The distinguished Senator, when speaking of subsidies, refers to sums of money obtained by certain foreign suppliers of sugar?

Mr. DOUGLAS. That is a part of the subsidy. It is not all the subsidy because there are indirect subsidies as well. It is however the only part of the subsidy to which the amendment I have presented is directed. There are other elements in the total subsidy, but at the moment we are not concerned with them.

Mr. CURTIS. The Senator would not go so far as to say, in connection with any commodity or any service, that the fact that a price prevails elsewhere in the world lower than in the United States means the American consumers are subsidizing a commodity or a service in this country?

Mr. DOUGLAS. I would say that if the price in the United States exceeds the price in other countries by more than shipping costs it is indicative of the fact that the American consumer is paying more than he would pay if he bought foreign goods.

Mr. CURTIS. We must also keep in mind that the salary of a member of the British Parliament is far less than the salary of a United States Senator.

Mr. DOUGLAS. We are not proposing to import any British M.P.'s. [Laughter.]

Mr. CURTIS. I am not suggesting that.

Mr. DOUGLAS. I would be in favor of barring the British M.P.'s from membership in our Congress.

Mr. CURTIS. I am interested in the consumers.

Mr. DOUGLAS. The comment of my friend reminds me of a line from Gilbert and Sullivan,

The flowers that bloom in the spring,
Tra la,
Have nothing to do with the case.

The salaries received by British Parliamentarians and the salaries received by American Members of Congress have nothing to do with the price of sugar.

If my friend does not have further questions to ask, I shall continue my remarks.

In the interests of American consumers, American taxpayers and the proper interpretation of the basic Sugar Act, this amendment should remain in the bill. Under the basic act,—the Jones-Costigan Act—the consumers interests supposedly are to be taken into account. But, in practice, this has not been the case and almost every device conceived by man has been used to increase the price to American consumers—both individual and industrial.

The American people do not realize how much the present sugar program is costing them as consumers. When the Jones-Costigan Sugar Act was passed in 1934, it was intended to protect the interests of consumers as well as producers, and in the process also put a floor of protection under the farm laborers and their families in the cane and beet sugar fields. At that time the world price of raw sugar was only about 1 cent a pound, and sugar growers everywhere were experiencing great hardship.

In 1934, however, when the Jones-Costigan Act was passed, the philosophy of the National Recovery Act was dominant under which producers were encouraged to restrict production, raise prices, and improve the condition of their employees. The Jones-Costigan Act was in this tradition and extended its protection to foreign as well as American sugar producers.

Over the 27 years which have passed since then, a whole battery of devices to benefit the producers of sugar have been put into effect. These have helped the producers with little or no attention paid to the interests of housewife and consumer. The facts of the situation are approximately these—I shall use only round numbers:

First. The people of the United States consume roughly 10 million tons of sugar a year.

Second. The average retail price of sugar in 5-pound packages is about 11.6 cents a pound. This would be \$232 a ton at retail rates. Wholesale carload rates are about 9¼ cents per pound, or \$185 per ton. A weighted composite of the two quotations would be roughly \$200 a ton; because about two-thirds of the sugar is used industrially and only about one-third of the sugar is used by families, through direct purchase.

This would mean that the total final sales value of the sugar is approximately

\$2 billion; that is, \$200 a ton for 10 million tons.

Third. About 55 percent or 5.6 million tons of the sugar is produced domestically, of which the Hawaiian production is about 1 million tons and that of Puerto Rico an equal amount.

These are approximate figures. In recent years, I think, in some years the production in those areas has been slightly below and in some years slightly above these figures. Of the 3.4 million tons produced on the mainland, 2.7 million tons are produced in the Beet Sugar Belt area—mostly on the Great Plains—and 0.7 million tons in the cane sugar areas, mostly in Louisiana and Florida. Of the 4.5 million tons imported, about two-thirds have come from Cuba and about 1 million tons from the Philippines.

Fourth. The price of sugar is controlled—and raised—by a combination of methods:

(a) Quotas are fixed which govern the amounts to be produced domestically and also imported from a group of sugar-producing countries.

(b) In addition, an import tariff of 0.5 cent a pound is levied on all sugar from Cuba and the Philippines, while for the relatively small amounts which were formerly imported from elsewhere, the tariff was 0.625 cent a pound. The total receipts from the tariff on sugar to the Treasury have been a little over \$40 million a year or around \$10 per ton.

(c) A further excise or processing tax of 0.5 cent a pound, or \$10 a ton, is levied on all sugar whether produced domestically or imported. This comes, at present, to approximately \$100 million a year, or \$10 a ton.

(d) Direct production payments of 0.8 cent a pound—\$16 a ton—are paid on the first 350 short tons, and graduated downward on further production. Additional allowances for other contingencies are also paid to domestic producers, and together these amount to about \$75 million a year.

By the fixing of the quotas a quota premium is arrived at; namely, the difference between the world price and the price to the United States, which, as I have said, amounts to 2.3 cents a pound, \$46 a ton for the 4½ million tons, roughly, imported annually. This comes to approximately \$207 million a year.

The limitation on the total amount of sugar which can be produced within the United States and imported from abroad causes the U.S. price to be appreciably greater than the world market price. The best measure of this in the past has been the difference between the price in Cuba of sugar destined for the United States and that going to other countries. A year ago this was the difference between approximately 5.6 and 3.1 cents a pound. This came to 2½ cents a pound, or \$50 a ton. Today the world price is 3.02 cents. Added to that figure is a 30-cent freight charge and 2.3 cents as a quota premium, bringing the price up to 5.6 cents. Then if the full tariff of 0.63 cent and the 0.50-cent excise tax are added, a total of 6.75 cents is arrived at, after

freight, full tariff, quota premium and excise tax. The price would then come to \$135 a ton.

It can therefore be seen that the housewives and consumers pay dearly for the present sugar policy. If we add (a) the difference between the price to the United States and the world price, (b) the tariff, and (c) the excise tax, we get a total price increase to the consumer of about 3.5 cents a pound, or about \$70 a ton.

We remember that the total domestic consumption is 10 million tons. This comes to a total of \$700 million a year.

Against this should be offset the \$65 million in revenue over the cost of the production payments, or a net subsidy by the consumers of about \$635 million.

I believe the lower figure of \$635 million is essentially correct. This, in turn, should be somewhat further reduced by the fact that if we bought all our sugar on the free market, the free market price would probably rise. The extent of this increase would, however, not be as great as is frequently argued, since at the end of the 1958-59 crop, the world surplus was 4½ million tons in stock. The surplus increased slightly during 1959-60, and the special report on sugar issued last month by the Department of Agriculture indicates that in the current crop year (1960-61) world production will be 58 million tons and world consumption will probably be 53½ million tons, so there will be a further surplus of 4½ million tons. I think it is safe to say that at the present time there is a world surplus of approximately 10 million tons.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. LONG of Louisiana. I am not opposing what the Senator is trying to do.

Mr. DOUGLAS. I understand that.

Mr. LONG of Louisiana. I am somewhat interested in the Senator's description of a subsidy. Does he regard a commodity which is protected by a tariff as a subsidized commodity?

Mr. DOUGLAS. I would say it is indirectly subsidized, yes.

Mr. LONG of Louisiana. Many of our manufacturing industries are now protected by tariffs. I have personally made the point from time to time, that an American industry which receives the benefit of a tariff is in many instances in a situation very similar to industries which are directly subsidized.

Mr. DOUGLAS. That is correct. It is an extra cost paid by the consumer. The subsidy system is quite an octopus. I am merely trying to strike at one arm of the octopus.

Ample supplies are now available, and this fact should prevent any appreciable increase in the world price.

On the whole, it would seem safe to estimate that, when all factors are considered, the total subsidy which consumers pay is not far from \$660 million a year, or \$66 a ton, and 3.3 cents a pound. The per capita consumption in this country is about 97 pounds a year, of which a third is domestic demand and two-thirds industrial demand. If this total subsidy of 3.3 cents a pound is

correct—and I believe it is—it would amount to about \$3.25 a year per person, or \$13 a year for a family of four on sugar alone. This is a sum approximately equal to a day's wages. Each time a housewife purchases cakes, candy, or soft drinks she also pays a subsidy. Every time a teenager drinks a bottle of Coca Cola there is a hidden subsidy to the sugar producers. Every time there is a wedding party and cakes are served, the wedding cake has within it a hidden subsidy. Every time a young man gives a box of candy to a lady there is a subsidy in that candy. Every time a teaspoonful of sugar is dropped into a cup of coffee there is a subsidy. The subsidy is ubiquitous, large, but unseen.

This practice has been going on since 1934—27 years.

Mr. LONG of Louisiana. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. The practice has been going on longer than that. I once made the mistake of using that date speaking to sugar producers, and I can tell the Senator that it was going on long before that time.

Mr. DOUGLAS. I did not wish to stir up trouble, because under the former tariff system the practice went on prior to that time.

Mr. LONG of Louisiana. For many years.

Mr. DOUGLAS. Yes, indeed.

Mr. LONG of Louisiana. So long that the memory of no living man here runneth back to the point of beginning.

Mr. DOUGLAS. Yes. As a young man I read the debates in the Senate on this issue, and I can remember how the then Senators from Louisiana defended the tariff to the death, and then they began to get allies from the beet sugar States as well.

I hope I do not ruffle the feathers of the domestic producers too much, because we want them on our side in this battle. I only propose to strike at the subsidy which would be paid to some foreign producers, although I think I would be less than honest if I concealed the fact that I believe there is also a subsidy paid to domestic producers. But that is not the present battle.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Utah.

Mr. BENNETT. The Senator from Illinois knows that I am from a beet-producing State.

Mr. DOUGLAS. That is right.

Mr. BENNETT. And the Senator from Illinois is anxious to have me on his side.

Mr. DOUGLAS. On this issue, I certainly am.

Mr. BENNETT. I believe he would not reject my vote on any issue.

Mr. DOUGLAS. I certainly would not.

Mr. BENNETT. The Senator has been making the point that there is a world market for sugar, and that if we were free to buy all our sugar at the world market price, we would save the American sugar consumer a great deal of money.

Mr. DOUGLAS. Yes.

Mr. BENNETT. Does the Senator realize that there is much sugar in the world which is processed through to the refined stage? He has been talking about the world market for raw sugar.

Mr. DOUGLAS. That is correct.

Mr. BENNETT. We could buy whites abroad for about 4 cents a pound. When the Senator talks about subsidies, does he realize that the difference between wages paid to the refining laborer, for example, in Cuba, and the wages paid to Americans to refine Cuban and other foreign sugar, is in itself a form of subsidy? We could take care of our sugar needs by buying whites abroad.

Mr. DOUGLAS. I do not wish to be drawn into a discussion of this theoretical issue with the Senator.

Mr. BENNETT. It is not theoretical.

Mr. ELLENDER. It is real.

Mr. BENNETT. It is very real.

Mr. DOUGLAS. It is not involved in the amendment.

Mr. BENNETT. Very well. Then will the Senator agree that the discussion of his amendment is clearly outside the question of subsidies which are helpful to the beet producers?

Mr. DOUGLAS. I desired to make my point a part of the RECORD. With the permission of the Senator from Utah, however, and his confreres, I am willing to drop it now, inasmuch as it is in the CONGRESSIONAL RECORD, where people can read what I have said. Because of that I feel I have discharged my duty, and I am ready to confine our discussion simply to whether some foreign producers ought to get a subsidy of \$150 million a year, or whether the people of the United States should save this amount. However, I am ready to drop this fight temporarily.

Mr. BENNETT. I am sure the Senator is, having got his side into the RECORD. Will he now yield so that I may make an observation?

Mr. DOUGLAS. Certainly.

Mr. BENNETT. The per-hour rate paid sugar refining employees is probably the highest in the United States. The evidence given in the hearing is that the direct and fringe benefits amount to \$3.55 cents an hour; that they have a guaranteed annual wage for 2,000 hours; and that they are guaranteed a wage of \$7,000 a year. That is what is being paid to the sugar refinery employees who refine offshore sugar.

This is in contrast with a comparable rate of \$3 a day in Cuba. So that if we really wished to get the lowest possible price for the American housewife, we would buy whites abroad.

Mr. DOUGLAS. I suppose it is unwary of me to do this, because one of the first lessons in military tactics is that one should not spread himself over too wide an area. However, is it not true that we cannot import refined sugar, but only raw sugar?

Mr. BENNETT. No. There is an allowance of something like 300,000 tons now to Cuba, which of course has been suspended.

Mr. DOUGLAS. How much are our total imports? Are they about 4½ million tons? Is that, roughly, the amount?

Mr. BENNETT. Yes. The refiners, of course, refine domestic cane also.

Mr. DOUGLAS. So, in practice, about the only sugar that we can bring in is raw sugar.

Mr. BENNETT. If we decided that we wanted to go out on the world market, we could find refineries abroad which would be glad to sell us whites.

Mr. DOUGLAS. I do not doubt that some American refineries are in this business, too.

Mr. BENNETT. The point I am making is that we are in favor of a sugar program which gives some benefits to the American farmer. It also gives a very decided benefit to a segment of American labor. The subsidy applies to both, not to the companies which own the refineries. As I have said, the employees of the refineries are getting about \$3.50 an hour on a guaranteed annual wage, which gives them \$7,000 a year.

The Senator from Utah does not object to that. He does want the RECORD to show that when the Senator from Illinois is talking about subsidies paid to the American housewife on her sugar, the Senator must also think this spread, which we could eliminate if we went out coldbloodedly and bought sugar at the lowest possible price.

Mr. DOUGLAS. I would say to my good friend from Utah that I could go into the conditions of labor in the beet sugar fields in the Plains States, and the degree to which foreign labor is used, and the conditions of work there. However, I do not want to do it, unless the Senator presses me.

Mr. BENNETT. In other words, the Senator from Illinois is willing to confine himself to the question of the subsidy. He got his point in the RECORD, and now he is willing to let it go at that.

Mr. DOUGLAS. I am ready to go on.

Mr. BENNETT. Having made my point, I am ready to go on. I offer the Senator a truce.

Mr. DOUGLAS. I hope the truce will turn into an alliance.

Mr. BENNETT. The Senator from Illinois has said that he rejects deals. I therefore offer him a truce.

Mr. DOUGLAS. That is fine. It is a truce.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. ELLENDER. It is not my purpose to engage in a debate with the distinguished Senator from Illinois on the question of subsidy. The very suit he wears is subsidized. The tie he wears is subsidized. The shirt he wears is subsidized. In fact, I do not know of many things which are manufactured in this country which are not subsidized in some manner. But is the Senator aware that there is only one crop produced, sugar, on which an excise tax is levied, where there is a provision which forces those who participate to agree to certain wage scales?

Mr. DOUGLAS. Yes. That was the price which Senator Costigan, of Colorado, exacted from the sugar interests in return for the original act. In my judgment, Senator Costigan was one of the finest men who ever sat in this body.

That provision is unique; that is quite true.

Mr. ELLENDER. For instance, not only does the Sugar Act deal with the wage rate to be paid by producers of sugarcane and sugar beets, but there is also a provision against using child labor.

Mr. DOUGLAS. That is correct.

Mr. ELLENDER. All of that is contained in the act. It is unique.

Mr. DOUGLAS. I am not certain how well the provisions have been enforced, but they are in the law.

Mr. ELLENDER. I am familiar with a few cases in which there were violations of this anti-child-labor provision. The persons who refused to comply with the law were denied payments. I know of a few cases in my own State. However, I can say that I do not know of any violations in recent years.

Mr. DOUGLAS. That is one of the mitigating features of the system.

Mr. President, I had another paragraph which I wanted to read before I turned from this subject. I hope the Senator from Utah [Mr. BENNETT] will not regard it as a breach of the truce if I try to sum up the total amount of subsidies which I think the American consumers have paid since 1934. According to my figures, the total comes to somewhere between \$10 billion and \$20 billion.

Mr. BENNETT. The Senator from Utah will certainly not regard that statement as a breach of the truce, but he reserves the right, after the debate is over, and when we have this problem solved, perhaps to make some comments about the whole sugar problem.

Mr. DOUGLAS. That will be fine.

Mr. President, now I turn to the problem which has arisen from the Cuban situation. The United States formerly imported approximately 3 million tons of sugar from Cuba, upon which there was a direct quota subsidy of about 2½ cents a pound; or from \$52 to \$62.50 a ton. On 3 million tons, this came to from \$156 million to \$187 million a year.

This was a subsidy which had been in existence for a long time. It is undoubtedly true that many of the American sugar companies which owned cane fields in Cuba got a large share of the subsidy, but it is also true that a proportion of that amount trickled down to the Cuban people.

I think Mr. Castro has been extremely unfair in the attacks which he has made upon the United States on the charge that we have been exploiting Cuba. We have been paying to the Cuban sugar interests between \$150 million and \$200 million a year more than we would have paid had we exercised our right to purchase sugar upon the world market at the world price.

While American sugar producers and grinding mills in Cuba have benefited, the Cuban people also have benefited. I think it has been extremely unfair for Mr. Castro and his followers to condemn the United States as though we had been exploiters. On the matter of the bonus, we have been extraordinarily generous.

When the United States stopped the importation of sugar from Cuba, in response to the confiscation of all Ameri-

can property and the extremely unfair attacks made upon us, Cuba then got Russia to buy some sugar, and Castro praised Russia for its purchase. As I remember, the Russian purchase price was 2.6 cents a pound for the initial amount of sugar. In other words, Castro and his followers said the Russians were doing Cuba a favor by buying sugar at 2.6 cents a pound, but that the United States had exploited Cuba when we paid Cuba 5.6 cents a pound.

This, I think, is a fact which we should have played up to a much greater degree than we have done in our propaganda throughout Latin America. I think it needs to be emphasized that we have been extraordinarily generous to Cuba, even though we grant that a considerable portion of this amount accrued to the benefit of American sugar companies which owned the cane fields and the grinding mills.

Mr. ELLENDER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. ELLENDER. As I recall, several years ago the sugar industry of Cuba was more or less controlled by American capital. At one time, that control was as much as 54 percent.

Mr. DOUGLAS. I think that is true.

Mr. ELLENDER. Is the Senator aware of the fact that the American interests—that is, those who owned American mills and operated the Cuban farms—were forced by the Cuban Government to pay certain wages, and that those wage scales were not applicable to other producers of sugar in Cuba?

Mr. DOUGLAS. I have heard of that, yes.

Mr. ELLENDER. I am familiar with this situation, and I assure the Senator it is true. The same is true not only of Cuba but of practically every Central and South American country where American interests are trying to develop the natural resources of those countries.

In my judgment, the average Cuban citizen has therefore benefited greatly from the operations of American interests which produced, as I said, in the neighborhood of 54 percent, at one time, of the sugarcane grown in Cuba.

Mr. DOUGLAS. May I ask the distinguished Senator from Louisiana, who is an expert on this subject, if it is not true that the percentage of American holdings in Cuba has diminished in recent years?

Mr. ELLENDER. Oh, yes. It is now about 36 or 38 percent. Since the Hershey interests of Pennsylvania sold their holdings in Cuba about 4 or 5 years ago, American holdings have decreased, as I remember it, to about 38 percent.

Mr. DOUGLAS. But it is true that the American Sugar Refining Co. and United Fruit Co. are still in Cuba.

Mr. ELLENDER. They constitute a part of the 38 percent to which I have referred.

Mr. DOUGLAS. Yes.

Mr. President, last summer the United States stopped importing sugar from Cuba. I think this decision on the part of the Eisenhower administration was correct. There is a limit to the amount of abuse and hostile action which a nation can properly take.

The big problem we have had since then has been in regard to how the 3 million tons which we formerly purchased from Cuba are to be reallocated. In itself, the matter of getting sugar does not present any great technical problem, because world supplies now are plentiful. But the question of who shall sell this nonquota sugar under the presently heavily subsidized—and hence lucrative—American program has created considerable discussion and great pressures.

Under the House version of the bill, the former Cuban share would be prorated among the foreign sources now providing sugar to the United States, at the present heavily subsidized U.S. domestic price.

Mr. President, I ask unanimous consent that the language of the House committee report dealing with this subject be printed at this point in the *RECORD*.

There being no objection, the excerpt from the report was ordered to be printed in the *RECORD*, as follows:

Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

1. An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then

2. To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; and then

3. To the Republic of the Philippines 15 percent of the remainder;¹ and then

4. To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then

5. If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

Mr. DOUGLAS. Mr. President, the House committee report on page 3 also sets forth, on a quarterly basis, figures on the authorized nonquota purchase allocations in 1961. In order to obtain the figures on a yearly basis, if those were continued, we have to multiply by four the figures we find at that point in the committee report.

The Philippines would be given an increased allocation of 123,000 tons, on a quarterly basis, which would be approximately 490,000 tons on an annual basis.

¹ Based on the nonquota allocations for the 3-month period ending Mar. 31, 1961, the allocation for the Philippines for the next year would be 490,000 tons. On the same basis the Peruvian share would be 860,000 tons, and the Mexican share would be 764,000 tons.

Let me say that the figures I am stating are to the nearest even amounts.

Peru—a mysterious factor—would be given 215,000 tons, on a quarterly basis, or 860,000 tons on an annual basis.

The Dominican Republic, if it were to have a quota, would be given 223,000 tons on a quarterly basis, or 892,000 tons on an annual basis. But that is to be eliminated. I am thankful for that.

In that connection I should point out, first, that the quota premium was paid on Dominican sugar.

Mr. ELLENDER. They had to pay the regular 2-cent tariff.

Mr. DOUGLAS. Yes.

Mr. ELLENDER. That was imposed on them.

Mr. DOUGLAS. Yes. So that money went into the Treasury of the United States, rather than to the producers.

Mr. ELLENDER. Yes.

Mr. DOUGLAS. The bill as now before the Senate gives the President the power to suspend the importation of sugar from countries with which we do not have diplomatic relations; and, as I understand, it is recognized by all that if this bill is enacted, the importation of sugar from the Dominican Republic will be discontinued. Let me say I heartily approve of that.

Mexico would have 191,000 tons on a quarterly basis, or 764,000 tons on an annual basis.

The British West Indies and British Guiana would have 10,000 tons on a quarterly basis, or 40,000 tons on an annual basis.

Brazil would have 11,000 tons on a quarterly basis, or approximately 44,000 tons on an annual basis, provided the distributions this year were made on the same basis as that made last year. Probably, however, there would be more, in view of the fact that the quota of the Dominican Republic is being eliminated.

Mr. ELLENDER. Mr. President, at this point will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield.

Mr. ELLENDER. Does not the Senator from Illinois feel that it might be better for us to assist by means of trade, rather than direct grants, the countries to which he has been referring? Is it not a fact that we can assist these countries by permitting them to sell their sugar in the market heretofore reserved to Cuba?

Mr. DOUGLAS. That is the argument the State Department advanced at the hearings on Monday of this week.

Mr. ELLENDER. Does not the Senator from Illinois think it is a valid argument?

Mr. DOUGLAS. I think there is very little to it. If I may do so, I should like to state now why I take that position.

Mr. ELLENDER. Very well; I should like to hear the Senator's statement.

Mr. DOUGLAS. In the first place, so far as trade is concerned, we would give trade to these countries by purchasing from them these quantities of sugar at the world price. But when we pay them more than the world price, that is aid, not trade. Furthermore, it is aid to a relatively restricted group of persons; it is not aid to the Peruvian people or to the

Mexican people or to the Filipino people, primarily. Instead, it is aid to the sugar producers in those countries; and they tend to be a very limited group. It would be interesting to ascertain what groups have the sugar holdings in those countries.

Mr. ELLENDER. Will not the Senator from Illinois concede that a great deal of labor is required to produce sugar? I am sure that much of the labor supply in Peru, in Brazil, and in the other countries is used in producing the sugar.

Mr. DOUGLAS. This proposal would result in a sudden increase in the quantities of sugar bought in countries which have surpluses of labor, countries where there are large numbers of unemployed persons who seek work. But I do not think there would be any increase in the wage scale, although there would be an increase in the volume of employment. Furthermore, I believe we would find that a relatively small group of persons would receive this windfall of approximately \$150 million.

Mr. ELLENDER. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. Certainly.

Mr. ELLENDER. Will not the Senator from Illinois concede that in the past, before the takeover by Castro, Cuba was one of our best customers? In other words, Cuba then bought from us many automobiles and large quantities of rice, for instance. The reason for that was the purchases of sugar we made from Cuba.

By the same token, I say to my good friend the Senator from Illinois, if we can develop the program in such a way that Brazil and other Latin American countries can share in the U.S. market, we shall create a better climate for reciprocal trade.

Mr. DOUGLAS. That would sweeten relations with the millionaires, but would not help the great body of the people.

The Senator from Louisiana knows the great affection the Senator from Illinois has for him. It is interesting that the Senator from Louisiana should stand here and advocate aid to these countries.

Mr. ELLENDER. Through trade, not grants.

Mr. DOUGLAS. But I believe in aid on the basis of need, not on the basis of who produces sugar. The two do not have much to do with each other.

Mr. ELLENDER. I ask the Senator if he does not know that there is not a country in the entire world where sugar is now being produced that does not in some way protect the producers of the sugar within the country where it is manufactured.

Mr. DOUGLAS. There may be a few sweet drops coming down from the tables into the hungry mouths of the plantation workers below, but a large amount of it stays on the table and does not get down there. I ask the Senator, Who owns the sugar plantations in Peru, in Mexico, in the Philippines?

Mr. ELLENDER. I suppose the same argument could be advanced with respect to the big businesses in Chicago, Ill. Who owns them? The big busi-

nesses. But we are not going to argue that question. I point again to the fact that there is not a country in the entire world that does not, somehow, in some way, protect the sugar production of its own producers. The reason for doing so is that it is necessary. The surplus sugar produced, which amounts, as the record shows, to about 10 percent of the entire world production, is that part of the entire world production which floats around in the world and which commands the so-called world price to which the Senator has referred. It is a pittance compared to what the total amount of sugar produced in the world is.

I am sure the Senator from Illinois will concede that fact.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield for a question.

Mr. CAPEHART. Is it not a fact that in this instance we are following a policy which we too often follow? We were perfectly willing for years to pay Cuba the price of her sugar without any tax. Now we take the entire quota away from Cuba and divide it among our friends in Central and South America for whom we are spending millions of dollars to help. Now we are about to say to them, "We are going to tax you"—which we have not been doing in the past—"for shipping sugar to the United States." Is not that policy in line with the way we in the Senate get off on tangents, and do more harm than good?

Mr. DOUGLAS. No. Those countries have no right to a premium price. They have not had it in the past. This is a new bonus which we are giving them. There is no right on their part to take \$150 million out of the pockets of the American consumer. I know it is easy to play Santa Claus and give away money which belongs to American consumers. I know something about the sugar lobby coming from those countries. But the American consumers and taxpayers have interests, too.

What would we do if we reallocated the Cuban quotas, at the American premium price, and paid out an added subsidy of \$150 million as the House bill would do? We would build up vested interests in all those countries which they would not be willing to surrender. We hope that some time Castro will be out of power, or that he will completely change his policy and become our friend. I think the chances of the latter happening are relatively small now. But we hope that sometime in the future there may be a friendly government in Cuba, and we may wish to resume our former relations with Cuba.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. In just a minute.

If we follow the policy of the House, what we will do will be to create vested interests within Latin America which will want to keep Castro in power. Because if Castro went out of power and Cuba got its 3-million-ton quota back again, those vested interests would be out of pocket. So what we would do would be to create vested interests in

Latin America and help keep an anti-American government in Cuba.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CAPEHART. It seems to me that the Senate has before it a bill to lend and give away \$600 million of the American taxpayers' money to Latin America. I am not arguing against the merits of the proposal.

Mr. DOUGLAS. As a matter of fact, I support the bill.

Mr. CAPEHART. But here is a bill under which Latin America can earn \$150 million by selling us sugar at the same price we formerly bought sugar for from Cuba. The Senator wants to take that \$150 million away from them, and that \$150 million will go to the Government in the form of tariffs. It is a tariff that will be imposed on those countries. I am not particularly opposed to it, but I wanted to bring the situation to the attention of the American people and set the record straight, so that it will show how inconsistent we can be in the Senate. On the one hand, we are going to lend Latin America \$600 million. On the other hand, we are going to deny them the right to earn \$150 million, and we are going to punish countries that are friendly to us, when not too many months ago we were paying Castro a big price for sugar. Now we are unwilling to pay our friends in Latin America the same amount. That is the nub of the whole issue.

Mr. DOUGLAS. Has the Senator from Indiana concluded? The Senator from Indiana confuses the countries with the sugar producers and owners. He thinks the interests of the sugar producers are identical with the interests of the countries and the people who live in them. That is not true. The sugar interests are made up of relatively small groups, a large proportion of them being American interests, who own lands there or have grinding mills there. What the Senator is really saying is, "Help these sugar producers." I am for aid to Latin America. I think the program for Latin America is an excellent one. One of the great advantages of my amendment is that it would put \$150 million into the Treasury of the United States, which would therefore help the taxpayers. It would also mean that the \$150 million could be used—

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. No. Let me finish the sentence.

The \$150 million could be used to help meet a part of the cost of the program of aid to Latin America instead of placing the full burden on the taxpayers.

What I say is, if we give aid, let us give it on the basis of need to the countries which need it, not merely to the sugar producers in a relatively restricted number of countries. Let us not have a program of foreign aid for millionaires.

Now I am glad to yield.

Mr. CAPEHART. This is another concrete example of what happens over the years, which has made enemies for us in Latin America. We continually push prices down to the point where they can-

not earn dollars. Then we tax the American people so that we may send loans to them. Why do we not let them earn money?

Mr. DOUGLAS. I am ready to let them earn at world prices on the added amounts to be purchased. Why does the Senator from Indiana say they have a right to the Cuban quota at the bonus price?

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. They have never had it before.

Mr. CAPEHART. Primarily it is because we have been perfectly willing to give it to our enemy, to Cuba, and to Mr. Castro.

Mr. DOUGLAS. We did not give it to Cuba when Cuba was known to be an enemy.

Mr. CAPEHART. We did for a long time, after Castro came to power.

Mr. DOUGLAS. That was before it became evident that Castro was an enemy.

Mr. ELLENDER. Mr. President, will the Senator yield to me?

Mr. DOUGLAS. I yield to the Senator from Louisiana.

Mr. ELLENDER. The Senator is aware of the method by which the Cuban quota is distributed under the present law. For example, the first who are served are those countries with quotas of not less than 3,000 tons and not more than 10,000 tons. Those are all to be brought up to 10,000 tons.

Mr. DOUGLAS. The Senator is correct. Am I correct in stating those are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China?

Mr. ELLENDER. There are five.

Mr. DOUGLAS. Yes.

Mr. ELLENDER. The second category is the Philippines.

Mr. DOUGLAS. They get 15 percent of the remainder.

Mr. ELLENDER. Does the Senator think it is proper to charge the Philippines the extra 2 cents?

Mr. DOUGLAS. The Philippines will still get the bonus on the quota which is already theirs. They will get a bonus on that part. They will get the benefit of an additional quantity at the world price. Who has the sugar in the Philippines?

Mr. ELLENDER. Would not that problem be difficult to solve? We have a fixed quota for the Philippines, under the law, of 974,000 tons. If the Philippines is allotted an additional 200,000 tons, those who produce the additional sugar would have to pay the 2 cents, while those who produced the normal quota would not have to pay anything, but would get the benefit.

Mr. DOUGLAS. They are often the same people. Furthermore, as I understand, there is an allocation system inside the Philippines.

Mr. ELLENDER. I do not believe it would be conducive to better relations between the United States and the Philippines to do what the Senator suggests.

Mr. DOUGLAS. Mr. President, some time back I put into the RECORD the details in regard to the proposal of the

House of Representatives. Part of the material has been covered in the colloquies we have had since then.

The House proposal suffers from serious defects.

In the first place, it would build up a vested interest among those who received the additional quotas. In the future it will be almost impossible to take away these additional amounts and return them to Cuba when Cuba once again becomes, as we hope it will, a friendly government.

This is one of the incentives we can then hold out to Cuba. If Cuba will come back into the fold of American friends it can get back its quota of 3 million tons of sugar, and possibly a little bonus in addition. This is a powerful incentive to get the Cubans back on our side. If the Cuban quota is taken by Peru, Mexico, the Philippines, Nicaragua and the Netherlands, it will be very hard to return the 3 million tons to Cuba. We will not be able to offer this incentive to the Cuban Government and to the Cuban people. Hence, the attempt to make Cuba a friend of ours will suffer. In addition, there will actually be an inducement to the other countries to be pro-Castro, because they will know that if Castro is put out of power, it will be possible, and even probable, that some of the sugar will be taken away from them. There will be an "internationale" of Latin American sugar producers to keep Castro and Castro-ism in power in Cuba.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. LONG of Louisiana. Is it not true that at present Castro is claiming credit all over Latin America for the \$500 million program for the so-called Alliance For Progress, on the basis that until Castro came into power in Cuba the United States never cared to do anything for those countries which would cost any great amount of money? Is it not true that when those people get the benefit of the subsidized price they may say, "That is one more advantage we get from Castro's coming to power." They get a much larger sugar quota, with a price far above the world market.

Mr. DOUGLAS. They will want to keep Castro in power, so that they can continue to have the increased quota at prices of \$50 a ton or more above the world market price.

The tragic Cuban situation is clearly against the best interests of the United States, and I think it is against the best interests of Cuba.

The action which the United States has taken with respect to Cuban sugar is fully justified. But I also believe that the forces friendly to the United States should be encouraged. If the Cuban quota is redistributed among others, and they gain a vested interest in selling these highly subsidized amounts to the United States, it will be very difficult indeed to reverse this situation when the Cubans are again friendly and free.

I repeat a point I have made several times before, which perhaps cannot be emphasized too often: If we build up such vested interests we may very well

create a situation in which these nations would be a great deal less concerned about bringing a change in the Cuban Government than they would otherwise be. Surely we do not want to build up economic pressures which would be satisfied with the status quo in Cuba because their interests would be harmed if Cuba again became friendly and free.

In the third place—this is perhaps the most important point of all—the price paid for the nonquota or Cuban share under the House bill would still be the highly subsidized price which offers virtually no protection or consideration to the American housewife and consumer.

I tried for several days to devise a system whereby this \$150 million a year could be used to decrease the overall price of sugar in the United States by \$15 a ton, or three-fourths cents a pound. The system of import subsidies, excise taxes, tariffs, production payments and quotas is so built up that in practice, after trying for days, I came to the conclusion that it could not be done. Therefore, the amendment was directed toward what I regarded to be the next best thing; namely, to have the bonus go into the American Treasury, to have the difference between the world price and the American price on the former Cuban amount go into the Treasury so that the taxpayers would gain a benefit.

The taxpayers are also consumers, and probably roughly the same as consumers, although not identical.

This is a proposal to save \$150 million for the American taxpayers, instead of having it go to a relatively restricted group of producers in foreign countries who would get windfall profits to which they are not entitled in law, in logic, or on the basis of past experience.

As a result, the alternative which we proposed and which was adopted in committee by a unanimous vote was an amendment which would give the United States the right to buy the sugar, first according to the quota arrangements in the House, at the world price, but which also would provide that the "quota premium" of about $2\frac{1}{2}$ cents a pound would be paid into the Treasury of the United States instead of into the pockets of producers of the additional 3 million tons.

This would net the American Treasury, and hence the American taxpayer, about \$150 million a year.

Let me point out that the proposal would provide some protection to the hard-pressed American consumer.

First, it would provide some protection to the hard-pressed American consumer—if not through lower sugar prices at least through increased revenues to the Treasury and hence lower taxes than otherwise. In this way the basic provision of the act concerning consumer protection would be carried out to this limited extent.

Second, more than adequate supplies are now available for this purpose for there is now a surplus of sugar in the world.

Third, it would avoid building up a vested interest in the highly subsidized American market by those who would receive the right to fill the nonquota or former Cuban quota.

Fourth, it would assist the United States in its balance-of-payments problem. We are worried about deficits in the country. The measure would reduce the deficit by about \$150 million.

Furthermore, as I have emphasized, it would give greater reason and hope to the anti-Castro forces in Cuba to throw off their present shackles. They would then know that if their Government became friendly to the United States, the American market would be restored.

Furthermore, this proposal is exactly what the American Government did with respect to the Dominican Republic this last year. Dominican sugar was purchased at the world price, but instead of paying the additional quota premium to the Dominican producers it was paid into the American Treasury. Consequently, there is precedent for this amendment.

Some argue, as my good friend the Senator from Louisiana and the Assistant Secretary for Latin-American Affairs did in the hearing, that the distribution of the Cuban quota to others is necessary as a foreign aid measure. I reject this argument. Foreign aid, under this argument, would go to countries not on the basis of demonstrated need but on the basis of their sugar-producing ability. Some non-sugar-producing countries, such as Bolivia, may well have greater needs for technical information, schools, roads, health services, and so forth, which are or can be supplied under foreign aid than do some sugar-producing countries.

I would add Ecuador to this list. This would not be the proper way to distribute foreign aid, namely, on the basis of who can produce sugar.

Furthermore I wish to emphasize that the aid would not go primarily to the people of those countries, but would go instead to a small group of sugar producers in those countries.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. JOHNSTON. Am I to understand from the statement of the Senator from Illinois that he is in favor of returning to Cuba its quota when Cuba returns to the people of America properties in Cuba which are were taken from them? When those properties are returned, we would then be willing to give them a sugar quota. Is that not the situation?

Mr. DOUGLAS. That is exactly correct. What I am saying is that if we redistribute the Cuban sugar at a bonus to producers, it will be very hard ever to return it to the Cubans; consequently we would lose an economic weapon which we would otherwise have to reach an understanding with the Cuban people and to throw Castro out.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes.

Mr. LONG of Louisiana. I have often thought that the Sugar Act offered a considerable opportunity for something like an alliance for progress. It could offer some leverage to persuade foreign producers to improve conditions for workers in the fields. However, no such opportunity is offered in the short period of the present act, because, as the

Senator knows, the sugar which we would be buying in the period immediately ahead is sugar that has already been produced. A large portion of the sugar is now in the hands of processors and those who own the mills, so that there is little possibility that a higher price could be reflected any time soon in benefits for the working classes. It would benefit only those who own the sugar. I doubt that we could say that in many instances governments would benefit, because the sugar is not held by the governments, but is held by private producers. Private producers produce the sugar and they now have it on hand.

Mr. DOUGLAS. The Senator from Louisiana has made one of the most significant contributions to this debate. What he has said is that the 3 million tons in question would not immediately increase production in the producing countries, but would be a bonus paid to speculators and the big interests which have the sugar in storage, produced under low cost conditions. It would amount to giving them \$150 million.

Mr. LONG of Louisiana. I believe such was the testimony of the expert from the Department of Agriculture. So far as the present record is concerned, there is no way he could anticipate that if we did make the proposed payment, that it would benefit the working people in those countries. Such is the impression that I gained from his testimony. This statement is not on record, but as the Senator knows, we were advised by Mr. Meyers and others as to who would get the benefit of the increased price on the sugar that had been produced. So there is no way by which we could use any leverage here for the benefit of working people who produce the sugar.

Mr. DOUGLAS. I do not believe in dragging individual names into a debate. But I have been checking on the Peruvian situation. There is one company there which has 50 percent of Peruvian production, and therefore presumably at least 50 percent of the sugar in stock. One company has from 10 to 20 percent of the production. Those companies would receive a bonus of tens of millions of dollars unless we accept the amendment which the committee approved by unanimous vote.

Mr. LONG of Louisiana. If the Senator will yield further—

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. Based upon the way we are doing business at the present time, we could not use this premium price as leverage upon those countries to induce them to raise living standards, because we would be in no position to assure them in the future that they would be able to obtain the premium price. Purchases would be made on the basis of urging those countries not to rely on producing for the United States in the future because the international situation might change. So in effect what we would buy is sugar that companies now have on hand, for the most part, which has already been produced.

Mr. DOUGLAS. I believe the Senator from Louisiana is absolutely correct. He has thrown into sharp focus the

issues. The basic issue is whether the bonus of about \$150 million will go to the American people or whether it will go to a small group of producers who control the sugar supplies in the countries which would have their quotas increased. That is the issue.

The proposal I make is neutral on the question as to how much shall be imported and how much is to be grown at home. We are not proposing to change in any respect the price that domestic producers will receive on either cane or beet sugar.

If the domestic share of sugar production is increased, then obviously the foreign share will be diminished. The proposal which I make applies only to the foreign share of the nonquota, or balance. I have my own opinion on these other subjects, but so far as my amendment is concerned, it is neutral on the question as to how much of the sugar should be produced at home and how much should be imported. That has nothing to do with the case whatsoever. So I hope our beet sugar friends will help us on this measure. I hope our cane sugar friends will help us.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. As one who represents a State which relies heavily on the production of sugar, I must say I do not think it helps us to have large windfall profits amounting to millions of dollars to be given to some international trading concern. Some of these traders, I agree, would make the profit somewhere else. That kind of procedure tends to place the act in an undesirable light.

It would be much better to face the fact that domestic producers cannot meet the cost of producing cane in some of the tropical countries, but that we can meet the cost of producing sugarbeets. There is also the necessity of having to depend upon a sugar supply this country can count on in case of an emergency.

I say frankly to the Senator that I have not been very much impressed by the State Department argument that these countries cannot understand that we would pay two different prices, because these countries which produce sugar expect to get two prices. They expect to get one price for the quota allotted by the United States, which is an unrealistic price from their point of view, as it is not related to the cost of production, and they expect to get another price on the world market.

Mr. DOUGLAS. Which is a lower price.

Mr. LONG of Louisiana. Which is a lower price, the world price, for the rest of their sugar. Also they can presume that they would get more because the world price would go up. These people did not plant that sugar and they did not harvest it with the thought or assumption that they would sell it at subsidized prices in the U.S. market.

Mr. DOUGLAS. The Senator from Louisiana is so right in what he says, and primarily with regard to his statement respecting the State Department's attitude. I hope that upon mature con-

sideration the State Department will change its mind. I make no charges about their good faith in this matter. However, there is altogether too much of a tendency to try to buy favor for the United States by putting money into the pockets of small selfish groups in these countries, in this case primarily, I think, big American sugar interests.

President Kennedy has been emphasizing the fact that in order to have a thoroughgoing aid program in Latin America, it must be carried out for the people, and that the governments there must agree to do something for the people. There is no such obligation under the proposed act. The Senator from Louisiana has referred to the windfall of \$150 million going to a relatively limited group. I would be willing to have an amendment added to the bill which would state that it was the intention of Congress that the \$150 million would help finance the program of foreign aid in Latin America, so that it might be used really to help the people there.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. I discussed this subject matter with a person who has a responsibility in one of these countries which is getting a major benefit. His attitude was that he was happy to see the nation where he was serving being benefited by this increase in the quota. However, he regretted that the United States got nothing in return. He would like to have seen an arrangement under which either the people would be benefited, with the United States getting some credit for it, or else an arrangement whereby the foreign nation would do something in return that would benefit the United States.

So far as he could determine, there was no advantage that the United States had achieved out of the windfall benefit that went to the producers in that country.

I am fearful that that is what we are up against here. The \$146-million windfall will be paid to certain producers, without reflecting any significant benefit to the United States.

That is one thing that should be our purpose in the foreign aid program, namely, that when we spend the money for the foreign aid we should try to see to it that it is spent in such a way that it will reflect some advantage to the United States, although it does not always do so.

Mr. DOUGLAS. I thank the Senator from Louisiana, who knows a great deal about this problem. His comments are very much to the point. I would welcome an amendment which would declare it to be the intention of Congress that the amount that is collected be used to help finance the Latin American aid program, so that the benefits could go to the people who need it, and to the countries which need it, and which would allow the aid to be distributed according to demonstrated need rather than subject to the accident of sugar production or sugar storage.

In 1946 the senior Senator from Arkansas [Mr. McClellan] made an investigation of the foreign sugar lobby. It

might be appropriate if we had an investigation of the foreign sugar lobby now. What are the groups that will get the \$150 million? Who are the groups, and who are the countries? Who are the speculators who hold this sugar in storage? Who is representing them in the United States?

I am very happy to have been joined in the supplemental views by the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], the distinguished chairman of the Committee on Foreign Relations, who has studied this subject for years, and who has always had what I regard as a fine attitude on it. I should like to ask the distinguished Senator from Arkansas whether he would care to make some comments at this point.

Mr. FULBRIGHT. I intend to make a speech on this subject. I have placed my name on the list at the desk. I have asked whether I could follow the Senator from Illinois, but I understand that the Senator from Louisiana [Mr. ELLENDER] will move to strike the provision the Senator is discussing. I expect to speak in support of the amendment offered by the Senator from Illinois.

Mr. DOUGLAS. I thank the Senator.

Mr. FULBRIGHT. I wish to make some comments, too, about the letter which is being passed around. It is addressed to me by the State Department. It is a very brief letter, and does not go into the merits of the issue. I believe it was written on the basis of inadequate information and understanding of the full effect of the amendment. I am not persuaded by the letter when it states that the amendment is not in the interest of our foreign policy and the long-term interests, even, of the sugar people.

Mr. DOUGLAS. As I understand, the distinguished Senator from Arkansas, who is chairman of the Committee on Foreign Relations, says that in his judgment the amendment which was inserted by the Committee on Finance is not damaging to the foreign policy of the Nation. Is that correct?

Mr. FULBRIGHT. I certainly do. On the contrary, I believe the amendment would in the long run be beneficial. I believe it would avoid the creation of additional vested interests with now unknown countries which would be given special premiums which were hitherto given to Cuba. Those benefits were not given to Cuba for economic reasons, but for emotional reasons, connected with the Spanish-American War, and a feeling of responsibility for the welfare of the people of Cuba.

In my judgment there is no justification for transferring those benefits to other countries.

The idea that this would be aid to them is not, in my opinion, valid, because it would be aid on a hit and miss basis. I am in support of the President's program for aid to Latin America. That aid should be given on an orderly basis in accordance with need and in response to actions taken by those countries in their own welfare.

The basic principle of the President's new program in Latin America is that it is a cooperative program, that it is an

alliance, and is not a unilateral program; that it is based upon cooperation among the respective countries. That is a sound way to approach the problem. The proposal before us would distribute the largess of approximately 2 cents a pound in the form of a premium to whoever might be given this quota. Furthermore, it would guarantee in these countries the expectation of a continuation, which I doubt would be in the interest of our foreign policy. I do not believe it is sound.

I can only say to the State Department that I disagree with them. I do not believe they have had an opportunity to consider all the aspects of it. It is true that they did not have much time to do so, because the subject came up only a short time ago. I have not spoken to the President about it, but I doubt that he had an opportunity to give any personal attention to this matter before the letter was written. That is only my opinion, of course.

Mr. DOUGLAS. The statement just given, Mr. President, is from the distinguished chairman of the Committee on Foreign Relations, who has devoted a lifetime of study to the whole question of foreign relations, and who is the greatest authority in the Senate on these matters, and who, incidentally, has studied the sugar issue for a good many years.

I am very happy to find myself in close agreement with him as with the senior Senator from Virginia.

Mr. FULBRIGHT. It is true that previously I have opposed the bill, but this amendment has no effect whatever upon the domestic producers of sugar. It does not touch them at all. The question of whether it is a good bill with respect to their interests is not in any way influenced by the amendment.

It also has the incidental effect, if it is kept in the bill, of returning in the neighborhood of \$120 million to \$150 million to the Federal Treasury. That is something which is of interest to other Members of this body who have no particular interest in sugar, but who are interested in the solvency of the Treasury.

The proposal also has an influence upon the question of the balance of payments. We have talked much about the balance of payments. The amendment would prevent, in effect, the outflow of \$125 million to \$150 million in gold. The amendment would have a beneficial effect upon the Treasury and our economy.

Mr. DOUGLAS. I thank the Senator from Arkansas. If we were to adopt language indicating that it was the intention of Congress that the sums thus collected by the Treasury would be used to help finance the Latin-American aid program, should not that remove any possible objection on the part of the Department of State?

Mr. FULBRIGHT. I myself would not advocate that. I think the aid program stands on its own. We have made an authorization, and I think there will be an appropriation of \$500 million in the first stage. I think everyone believes that this is the first stage, assum-

ing that the program is developed properly and in accordance with the principles which have been set forth.

Mr. DOUGLAS. But this proposal would indirectly help to finance the program.

Mr. FULBRIGHT. The money will be in the Treasury, certainly. I thought the Senator was referring to earmarking the money. I do not believe there would be any advantage in earmarking \$150 million. If it is in the Treasury, it will be available for this purpose. An individual judgment should be made as to the amount needed for the aid program in Latin America.

Mr. DOUGLAS. But would not the indirect effect be to aid that program?

Mr. FULBRIGHT. Oh, certainly; any amount would. I thought the Senator meant that the money should be earmarked for that program. As the Senator from Illinois has proposed it, it is a sound plan and ought to be adopted.

Mr. DOUGLAS. I thank the Senator from Arkansas. His reinforcement is mighty.

Mr. FULBRIGHT. I do not know about that, but I think the plan is sound.

Mr. DOUGLAS. I am deeply pleased.

Mr. LONG of Louisiana. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. The Senator from Illinois knows that I withheld my vote in committee when he offered his amendment, because I was somewhat concerned about the effect it would have. I thought it might prejudice the bill. I am still somewhat concerned about the proposal. So far as the merits of the Senator's amendment are concerned, and speaking entirely as to the merits, it seems to me that the people who would be benefited by the \$150 million are a very small number, who did not anticipate it.

I would feel entirely differently about the amendment if its effect would be to deny decent living wages and working conditions to the millions of people who work in the cane fields. However, it seems to me that the purpose of the amendment is entirely directed to a small number of wealthy individuals who have many millions of dollars' worth of sugar on hand.

If I might paraphrase a statement by Winston Churchill, unless we adopt the amendment, I think the bill will do the opposite of what Sir Winston said with respect to the Royal Air Force, when he said:

Never have so many owed so much to so few.

In this case, never have so many done so much for so few.

Mr. DOUGLAS. Or: Never has so much been done for so few, at so little risk.

Mr. LONG of Louisiana. Never have so few got so much for so little. Put it that way.

Mr. MORTON. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MORTON. I, too, withheld my vote yesterday in the Committee on

Finance, as the Senator well knows. I still have apprehension about the amendment. The wage scale in Cuba was tied to the price of sugar, as the Senator knows. One of the difficulties Mr. Castro is having today is that as the price of sugar has gone down, the wage scale has gone down.

I do not speak as a partisan supporter of the President. I think I have made that abundantly clear in the past months.

Mr. DOUGLAS. I believe that is true.

Mr. MORTON. I must say that I wish the President well in his efforts in Latin America, as all of us do, I am certain. I believe we should get a sounder or more thought out judgment from the administration and from the State Department.

I do not want to see the Senate take hasty action now which will kill any good impact which the conference held at the White House the other day had. I feel certain the Senator from Illinois agrees. The results of the conference were not received with any great degree of enthusiasm, but they were received favorably by most of the governments in this hemisphere. I think that if we deny something, on the one hand, while we promise something else, on the other hand, we can, as a result, affect the effort which the administration is trying to make to solidify, in the free world, the nations and the peoples of this hemisphere.

Mr. DOUGLAS. I thank the Senator from Kentucky. I think I have given evidence of the fact that I am a strong supporter of the President.

Mr. MORTON. That I do not question.

Mr. DOUGLAS. I intend to continue in this course. I agree heartily with the President's Latin American program. I intend to support it. I believe in making available the full \$500 million.

In all these programs, we have the problem of financing them and of finding the money to pay for them. I am certain there will be some Senators on the other side of the aisle and some Senators on this side of the aisle who may say that we cannot afford this Latin American program. My amendment will at least provide \$150 million, which will make it possible to extend foreign aid on condition that the foreign countries do something to improve their own situation; that they revise their tax systems; that they develop a better system of land holdings; and that they improve the condition of their people.

I think \$150 million would provide us with an added lever with which we could work.

As the Senator from Louisiana [Mr. Long] has pointed out, the people who may gain from this House proposal are really not, preeminently, the common folks of those countries; perhaps not even those who will produce sugar in the future; but they are the people who hold sugar in storage at the present time and who will receive a tremendous windfall because they will have bought sugar at world prices and will sell at market prices, or over \$50 a ton more than they paid for it.

Mr. MORTON. Mr. President, will the Senator from Illinois further yield?

Mr. DOUGLAS. I yield.

Mr. MORTON. Unfortunately, the bill comes to us under a deadline. I know the Senator from Illinois and I both regret that. However, I should like to ascertain the facts about who would be the beneficiaries. Are there other countries which are involved where the wage scale is geared to the price of the product, as it was in Cuba, and as it is today in Cuba? That sort of thing gives me some concern.

Following the observations made by the chairman of the Committee on Foreign Relations, the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], who has backed the so-called Douglas amendment, I imagine that the amendment will remain in the bill. However, I think it is unfortunate that we must take this action in a 48-hour period. I know the Senator from Illinois agrees with me in that statement, because he expressed in committee, as he has often expressed in committee, the view that revenue measures should not be brought up under a deadline. I am sympathetic to his position in that respect. Nevertheless, we cannot close our eyes to the fact that there is another side to the question. I simply wish we could get a more definitive statement from the Secretary of State or the White House itself on this subject.

I do not believe that we are in a position, with the facts now known to us, to legislate in this manner. It could have a very heavy influence on what this administration is trying to do in this hemisphere. I think none of us wishes, in any way, to put hurdles in the road of progress in this hemisphere.

Mr. DOUGLAS. I appreciate the attitude of the distinguished Senator from Kentucky. Certainly it is not partisan in any sense—quite to the contrary. For that, I commend him and invite him to continue in the same course.

But as legislators we have to use our judgment. We are not robots. Frankly, I think some of us are better informed and have a clearer view of this subject than do some in the lower echelons in the Department of State. I know that my friend from Kentucky served in the Department of State. I certainly do not want to join in any denigration of the personnel of the Department of State.

But there is a tendency for every occupational group to try to ingratiate itself with the people with whom it is dealing. That is natural; it is an occupational hazard.

Our diplomats deal with the diplomats of these countries and, primarily, with the well-to-do and the upper class people there. Over glasses of loganberry juice or lemonade they discuss with them the sugar issue and other matters; and it is only inevitable that they will be affected by the views of that relatively small group of wealthy men. However, personally, I am unwilling to abdicate my use of commonsense simply because an Assistant Secretary

of State says these bonuses should be paid.

Frequently we find that attempts are made to give the impression that minor officials—whose views may not be very well founded—are speaking for the President of the United States. When President Truman was in office, I objected to that situation. Frequently we would be told what the President desired, but we would find that it really was not at all what the President desired, but was only what some minor official desired. As the Senator knows, I objected to that quite strenuously also during the last administration.

Certainly the Senate must not abdicate the fulfillment of its responsibilities. Senators must do their duty. Of course we should cooperate with the administration, and of course we should put the interests of the Nation first. But we should decide what are the interests of the Nation.

Unfortunately, there is much too great a tendency to pay very little attention to the interests of the taxpayers. Some persons say that the other subsidy of 3½ cents a pound will amount to only \$12 or \$13 a year for a family of four. But, Mr. President, even though \$12 a year a person does not seem to be a very great amount, nevertheless, the total amount involved is a very large one; it is \$150 million. It may be said that when the \$150 million involved in my amendment is pro rated for the entire population of our country, it amounts to only 80 cents a person. Nevertheless, the total bill will be \$150 million.

Of course, one of the great difficulties in connection with representative government is the fact that the producing groups and interests tend to be concentrated, whereas the consuming groups and interests are diffused. So the public interest is diffused. In such a situation, the public interest tends to be weakened.

Recently I was reading Prescott's description of the conquest of Mexico in the early days, and also his description of the conquest of Peru. As we know, hundreds of thousands of the natives in those countries were conquered by very small groups of Spanish soldiers. The Incas and the Aztecs were conquered because they were diffused; and the result was that a rather small number of Spanish soldiers were able to overpower them.

Today, in our country, the special interests have the benefit of propaganda, ample funds, and much publicity. As a result, they have tremendous power. But the poor housewife or baker or child who pays a subsidy when they drink a soft drink does not know what the issues are, and has no way of understanding this complicated situation, and cannot make his voice heard. But we as Members of Congress should be the representatives and the defenders of all those persons.

Mr. MORTON. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator

from Illinois yield to the Senator from Kentucky?

Mr. DOUGLAS. I yield.

Mr. MORTON. I have no quarrel with the Senator from Illinois in connection with his discussion of Peruvian history or anything of the sort.

But I wish to ask whether the Senator from Illinois has received from the White House or from anyone in a high position in the State Department—from any noncareer appointee of this administration—any support for his proposal?

Mr. DOUGLAS. I do not know.

Mr. MORTON. If he has such support for it, I will go along with it.

Mr. DOUGLAS. I am glad to learn that the Senator from Kentucky will support recommendations which come from the White House. We shall call on him for payment of that check when we come to deal with the minimum wage.

Mr. MORTON. Mr. President, when the security of our country is involved, the administration will get my support.

As I have stated, my desire is to be sure that the Senator's proposal has received support from the White House or from a high ranking official in the State Department.

Mr. DOUGLAS. Of course I know that when the security of the country is involved the Senator from Kentucky will throw partisanship to the winds.

Mr. MORTON. On this floor I have consistently taken that position and refrain from using the floor of the Senate as a forum for my statements as chairman of my party's national committee.

Mr. DOUGLAS. Of course that is true. The Senator has done his other work on the outside, as he had every right to do.

Mr. MORTON. But I wish to be sure that the interests of the country are protected. If the administration can convince me—and I think it can, when the chips are down—that a matter involves the security and the best interests of our country, partisanship will not enter into the picture so far as I am concerned.

So far as the pending proposal is concerned, I am deeply interested in knowing whether the State Department takes a position in regard to it. Of course, if such a recommendation is made by someone serving in a low level at the State Department, I shall not go along with it, any more than the Senator from Illinois would.

I believe that in connection with this matter we should get the Secretary of State or the Under Secretary of State or someone at the White House to tell us whether in his opinion this proposal is a desirable one in the national interest. It sounds fine to me; and if it is, I will go along with it.

Mr. ELLENDER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. ELLENDER. Let me say that I have received such a statement.

Mr. MORTON. Very well; that is fine.

Mr. LONG of Louisiana. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. At one time I had the honor of sitting in the Foreign Relations Committee alongside the present President of the United States; and I believe that situation existed there when this problem first came up. I refer to the problem of what we are to do with the Cuban sugar quota. As I recall, at that time Mr. Mann was the adviser on that issue.

Mr. DOUGLAS. Yes.

Mr. LONG of Louisiana. I believe he still is; and perhaps he is advising the President.

During the hearings Mr. Mann advised the committee about this matter.

Mr. DOUGLAS. That is correct.

Mr. LONG of Louisiana. But when he first came before the committee to discuss this issue, his position on it was entirely flexible. He recognized entirely that the purchases could be made on a world-market basis, at the world-market price—in which event there would be no large windfalls. He also recognized that the purchases could be made on a quota basis, with the various quotas reassigned and large windfalls to certain producers.

Mr. Mann did not have an opportunity to write this measure in the way he wanted. He went before the House Committee on Agriculture; but that committee then constituted itself a Foreign Relations Committee, for the purposes of this measure. Various outstanding members of that committee had visited the entire area, and had their ideas in regard to what should be done—as the Senator from Illinois will recall. For instance, they had the idea that the Dominican Republic should have a very large percentage of this increase, at the premium price. But that was contrary to the position of the then President of the United States; and I assume it is contrary to the position of the present President of the United States and is contrary to the position of Mr. Mann, who at that time was advising the committee.

Mr. DOUGLAS. And it is contrary to my position.

Mr. LONG of Louisiana. That is right.

So, in effect, what the House committee did was contrary to the attitude of the Senate and was contrary to the attitude of the administration. Nevertheless, because of the deadline, the House committee succeeded in doing it. In that situation the House sent to us a bill which would expire at a certain time. We realized that the bill would create problems; but we could not very well fail to pass the bill, for if we did not pass it, no measure dealing with this subject would have been law at that time.

I doubt that the President of the United States would take a position contrary to the one being urged by the Senator from Illinois. I must say that if the President were particularly concerned about this matter, I would have thought I would have heard more about it than I have from those who represent the executive branch of the Government, because I had to seek from the executive branch the little I know about this matter.

I should like to make one or two points in regard to what the Senator from Illinois has been saying.

There is a great deal of difference between actually aiding the people of a country and aiding only a small group in that country. For example, the Senator from Illinois has pointed out that according to the chart to which we have been referring, Peru would be allowed a quota of 176,426 tons—

Mr. DOUGLAS. On page 4, we find that it would be 215,000 tons on a quarterly basis, or 860,000 tons on an annual basis; under the provisions in effect for this last quarter; and if the premium is \$50 a ton, that would amount to \$43 million.

Mr. LONG of Louisiana. It is a misleading statement to speak of Peru getting \$43 million if there are only a few large producers in Peru getting the money.

Mr. DOUGLAS. Two companies have from 60 to 70 percent of the Peruvian production.

Mr. LONG of Louisiana. I do not particularly know the names of those companies, and do not particularly care which companies they are, or whether they come from one particular section of the country or another. I believe one of those companies is American owned and controlled.

Mr. DOUGLAS. That is correct.

Mr. LONG of Louisiana. So, in effect, an American company would get much of that money. It is said that Peru would get it.

Mr. DOUGLAS. About 20 percent.

Mr. LONG of Louisiana. But it is not a matter of Peru getting the money; it is a matter of a few small companies getting it.

Mr. DOUGLAS. A few big companies.

Mr. LONG of Louisiana. A few big companies holding land in that country will get the money.

Mr. DOUGLAS. That is correct.

Mr. LONG of Louisiana. If we want to do something for the people of Peru, if we want to make this proposal become a part of the foreign aid program, I would suggest that the way to do it is to start out by adopting the Senator's amendment. Some people think we expect to give all this money away immediately, willy-nilly, in order to be sure that it gets there. But the fact is that the money never seems to achieve the desired results if it is given away that way. So far as I can determine, as a member of the Foreign Relations Committee and of the Finance Committee, there is no reason to think that any of the \$150 million is to be used for the benefit of the people. So far as I can determine, it would go largely for the benefit of certain large producers, who will be making a large windfall profit.

Mr. DOUGLAS. And some importers might get it.

Mr. LONG of Louisiana. And also some importers who happened to hold sugar. If it is desired to make this aid a part of an alliance or a trade arrangement, the way to start it would be to buy the sugar at the world price. Then if we found that a country could use a premium price to put into effect better

working conditions, or better conditions of government, or better social conditions, we could then proceed to give it the money on the basis of a cooperative arrangement, in which the government would do something for the benefit of the people.

Clearly, if the money were given away in this fashion, there is no reason to believe it would achieve the desired result of helping the people, or that they would receive any benefit as a result of our spending the \$150 million.

Mr. DOUGLAS. It would be very interesting to learn how much of this money, which would go into the pockets of a relatively few, would be deposited in Swiss banks, and possibly used as a means to have a run on American gold. That is a subject which I think should be probed in the future.

Mr. LONG of Louisiana. If the Senator will yield further, it seems to me that once this particular procedure is started, it will be difficult to shut it off, and that it is better not to get it started in the first place. While it might be desirable eventually to pay this amount, it might be better to start on the basis of paying at the world price, and then see what sort of arrangements could be worked out to assure some benefits to the people of the United States as a result of their paying \$150 million extra.

Mr. DOUGLAS. The Senator is correct.

Mr. President, let me conclude my remarks.

SUMMARY

In summary, this amendment would, first of all, greatly benefit the American taxpayer, whose interests have long been ignored in the administration of the Sugar Act.

Second, it would avoid building up vested interests in the nonquota or former Cuban share of the American market at premium prices.

Third, it would provide an incentive for the Cuban people and other countries to seek a change in the present Cuban Government, rather than approve the status quo in Cuba, which would be the case if the quotas were redistributed at premium prices.

Fourth, it would provide additional funds which could be used in programs for aid to Latin America on the basis of need and a well planned program, not on the accident of who grows sugar, and would enable the funds to be freely distributed, instead of concentrated in a relatively few speculators.

Fifth, this amendment would follow a precedent already set by the American Government with the Dominican Government only this last year.

Sixth, it would assist the United States in its balance of payments problems.

It would decrease the claims which foreign governments have on our gold supply by \$150 million, and if, as I suspect, some of this money would be deposited in a Swiss bank, would decrease the ability of Zurich to tighten the fiscal knot around the throat of the United States Treasury.

Mr. President, I yield the floor.

Mr. ELLENDER. Mr. President, I move that section 4 of the bill be stricken. That is included on page 3, beginning with line 10, down through line 20.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. Yes.

Mr. CURTIS. The proposal of the Senator is to strike out the Douglas amendment. Is that correct?

Mr. ELLENDER. Yes.

Mr. President, much of what I was going to say about the Sugar Act has already been debated. As Senators know, we have had quite a bit of difficulty in the last 2 or 3 years in attempting to have sugar legislation enacted on a long-term basis. It seems that the House has adopted a program of sending the Senate a bill during the closing days of the Congress, with the results that our Finance Committee is unable to go into every aspect of the sugar problem.

I am very sympathetic with the continental producers of sugar beets as well as sugarcane. It strikes me that, if and when we are able to propose a long-range Sugar Act to the Congress, some leeway should be given to the administrator of the Sugar Act to increase production of sugar in the continental United States.

For a long time I have felt that we ought to produce at least one-third of our consumption requirements in the United States, not including Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

Today under the basic act domestic growers of beets are permitted to produce 1.8 million tons, which constitutes 22½ percent of our requirements based on 8 million tons. The mainland cane sugar quota is fixed at 500,000 tons, based on a grand total of 8 million tons.

It can be readily seen that if we use the formula to which I have referred—that is, to produce at least one-third of our consumption requirements—we would still have quite a way to go. With a consumption requirement of 8 million tons of sugar, continental producers are permitted to grow only 28.7 percent of our requirement.

We are all very anxious to pass this bill and send it to the President within a few days, because if we do not, the Sugar Act will expire. The deadline is March 31 at 12 midnight. Unless Congress acts by that time it is entirely possible a lot of unwanted sugar will be dumped into the United States and will thereby affect the market very adversely.

It is my hope the Senate will agree to the amendment I am sponsoring. It is my belief that if the Senate does agree to eliminate the so-called Douglas amendment, which we have been debating almost 3½ hours, the House of Representatives will accept the other change the Senate committee has made. As we all know, the other change made by the Finance Committee reduces the time during which the current act would be effective from 21 to 15 months. In other words, instead of the act expiring on December 31, 1962, it would expire on June 30, 1962.

I have expressed the hope there will be sufficient time remaining in this session for the committees of the Congress, particularly the Committee on Agriculture of the House of Representatives, to draft a bill which would do justice to the continental producers of cane and beet sugar.

Mr. President, one of the other reasons for extending the act is that I do not believe it would be desirable for the Congress to allocate the so-called Cuban quota on a permanent basis. The law as it is now written gives to the President a wide discretion as to who shall get the Cuban quota. The terms upon which the quota is to be allocated to a particular country are not on a permanent basis. Each of the countries which is to receive more sugar than is now allotted is told that the additional quota is not to be on a permanent basis.

I voted against the present law, because I thought the bill should have had a longer life than what was finally agreed to by the Congress. As I recall, action was completed after midnight a year ago. Now that we are confronted again with a situation of either accepting the act, by way of extending it as written, or else having no sugar law whatever after midnight on March 31, I believe it is incumbent on the Senate of the United States to pass the proposed legislation as soon as possible. I feel confident that if the bill is passed as presented by the Finance Committee of the Senate, minus the Douglas amendment, which I now seek to eliminate, there will be no need for a conference, and we can get through with the proposed legislation within hours after the Senate completes its deliberations.

Mr. President, the law as it is now on the statute books provides the methods by which the administrator of the act shall distribute the so-called Cuban quota. The first countries to receive some of the quota are designated in the act under section 408. These are the foreign countries which have quotas of not less than 3,000 tons nor more than 10,000 tons. These quotas are all to be raised up to the 10,000-ton limit. As was brought out in the debate, there are only five countries in that category.

The next country is the Republic of the Philippines, which will receive 15 percent of the remainder of the so-called Cuban quota. As I pointed out previously, it strikes me it would be harmful to the relationship between the United States and the Philippines if this friendly country is permitted to ship only the regular quota to the United States under the preferential agreement and then told that any further allocation we permit would have to be sold at the world price.

Mr. President, the act further provides that the remainder of the quota, including any unfilled portion of allocations already provided, shall be purchased from foreign countries having quotas under section 202(c). These countries will receive allocations in proportion to their present quotas; except, of course, the Dominican Republic. It is not my purpose to spend any time

discussing that phase of the act. I have done so in the past. I merely wish to say I think it was shameful for us not to allow to the Dominican Republic its just share of the Cuban sugar quota.

I have made several trips to the Dominican Republic over the years, and I can say that great forward strides have been taken in that country by the present Government. When the present leader of the Dominican Republic took charge back in the early 1930's the country was a shambles. Through hard work, and without financial assistance from our Government, great progress was made. Roads have been built, fine schools have been constructed, and hospitals have been erected. I daresay that there is not a country in either South or Central America in which the people as a whole are better off and have better opportunities than in the Dominican Republic. Those accomplishments were attained by utilizing more effectively the resources of that country.

As I said, I do not care to argue any further the point in respect to the Dominican Republic. I am willing to accept the bill that the House has presented to the Senate, in which there is a refusal to give a quota increase to any country that has no representation with our Government. It is my hope that sometime in the near future we shall be able to renew our friendly relationship with the Dominican Republic so that they can then come within the purview of the act.

Much has been said as to whether or not the State Department favored the committee amendment, and as to whether or not the administration was for or against it. As I understand, the executive department is against the so-called Douglas amendment. I wish to read a short statement indicating that opposition:

A provision that the premium paid foreign producers for sugar imported under reallocation of the Cuban quota should be captured by an import levy is contrary to the national interest.

1. This would be a fundamental change in longstanding policy, which would involve a number of troublesome questions, and therefore should not be acted upon hastily and without opportunity to identify and consider the problems involved.

2. This would becloud and confuse the basis of U.S. policy in transferring procurement from Cuba. It is desirable that the consideration of the U.S. Government in allocating procurement from Cuba should be widely and clearly recognized. Expressed simply it was to avoid dependence on an area which has a hostile government, and accordingly to diversify sources of supply. It would be highly undesirable if these considerations were to be clouded with an impression that the U.S. objective is to reduce the cost of imported sugar and thus to change the basic relationship between domestic and foreign suppliers to the U.S. market.

3. A large part of the sugar needed to replace Cuban supplies would be purchased in Latin America. The nonquota countries in Latin America which are in need of foreign exchange to finance their economic and social development would find it difficult to understand why they receive a price substantially inferior to the price received by the domestic industry, formerly received by Cuba, and currently received by other countries which have basic quotas under the

Sugar Act. These countries would regard such action as inconsistent with the Alliance for Progress recently proposed by the President.

I have been quoting directly from a statement that was made to me by the State Department last night. I do not wish to occupy the attention of the Senate any longer. I believe that the statement speaks for itself. It strikes me that the law that we hope to reenact is sufficient to give the President leeway to distribute this quota effectively and fairly and on a basis that will not indicate any permanency. I am very hopeful that during the period from March 31 until the expiration of the proposed act the committees in both the House and the Senate will get together and draft a long-range bill that will be acceptable. This should be done as soon as possible. I express the hope that when that time comes, the relationship between our country and Cuba will be better than it now is, and that we shall be able to reallocate to the Cubans a fair share of the quota that has been taken from them.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. DIRKSEN. The distinguished Senator from Louisiana, whom we recognize as the capable chairman of the Committee on Agriculture and Forestry, has referred to a conversation in memorandum form that was disclosed to him last night as to the attitude of the administration on the Douglas amendment. Why is there not some official communication here from the President of the United States or the appropriate official of the State Department? The reason I raise the question is that on the night of September 1, 1960, I belabored the Senate on this very issue to secure for President Eisenhower in the national interest flexibility of action to distribute the Cuban quota where he thought it would do the most good, and I was fortified with official information over the signature of the President on that point. Why should there not be an official communication before the Senate now, if, as the Senator has said, the administration—and that means the President—believes that the amendment is inimicable to our relationships with Latin America and not in the interest of a sound U.S. policy?

Mr. ELLENDER. Mr. President, I have a short answer to that question. I believe my good friend the Senator from Illinois himself was very much surprised when his amendment was agreed to.

All this was done.

Mr. DIRKSEN. I was not surprised.

Mr. ELLENDER. The Senator was not surprised?

Mr. DIRKSEN. No. I thought the persuasiveness of my case was such that the result did not surprise me.

Mr. ELLENDER. The fact is that I did not know about this amendment until late yesterday afternoon. The moment I heard of it I consulted Members of the House. I was informed that they were not going to take it. I then consulted with the State Department and suggested to the State Department that

it prepare a statement in regard to the matter, and this was immediately done. I am sure that before the debate is over someone closer to the President than I will indicate that the administration is opposed to the Douglas amendment. I believe that will be forthcoming within the next hour.

Mr. DIRKSEN. There ought to be a summary statement to clarify the situation which now prevails on the floor of the Senate. As everyone knows, here is a situation in which someone gets something by the "grapevine." There is a homely and perhaps somewhat vulgar expression, but certainly it is a very expressive term, that people get something from the "horse's mouth," whatever that means; but that sort of thing can be picked up in different quarters. I would like to be fortified and have nailed down what the official attitude of the administration is on the proposal which is embodied in the Douglas amendment.

Mr. ELLENDER. I assure the Senator from Illinois that the document from which I have read is official. It was handed to me last night by one in authority, and it expresses the views of the administration.

Mr. DIRKSEN. But where is the signature?

Mr. ELLENDER. I hope the Senator will take my word for it. I myself consulted administration representatives when I learned that the bill was to be taken up at 10 o'clock today. We had to do a little rush job. There was really no time for me to contact the President. I would probably have done that last night, but then he might have referred me to the State Department. Instead of going to him, I went directly to the State Department representatives. I knew, in fact, from previous talks with them that they desired some leeway in handling the allocation of these quotas. If the Douglas amendment prevails they will have to buy sugar from anyone they can. The original measure allows them to more or less control the purchases. It is my belief that the Douglas amendment would cause a great deal of hardship. In addition it would cause a great deal of difficulty to those who would administer the act.

It could not be explained to the people of South and Central America. They would say, "You have been giving Cuba these benefits. Why are we not entitled to them?"

The Senator from Illinois can understand that, I am sure. Before we vote on the bill, I am sure there will be forthcoming a statement from the President to verify what I have just read.

Mr. DIRKSEN. In the spirit of the New Frontier, I wish to suggest to my distinguished friend from Louisiana that if he will call up his Chief in the White House I am sure we can get one of the riding pages to get on his horse and dash down there and get the statement. It should not take more than an hour. The distinguished Senator from Ohio [Mr. LAUSCHE] has just said that he would volunteer to go there himself. That is in the spirit of the New Frontier. I would like to see this matter laid out in official fashion. I would like to see

the sentiments documented, and then I would like to see the signature at the bottom of the page. There is nothing that gives such stability to a piece of paper as the right kind of signature at the bottom of it.

Mr. ELLENDER. The Senator is not inclined to say that this paper is not authentic, is he?

Mr. DIRKSEN. Oh, indeed not. My friend is the soul of all that is authoritative and authentic. He would never disclose to the Senate any sentiment imputed to someone else unless it were religiously stated as a fact, because his reputation for probity and integrity is absolute and unimpeachable.

Mr. ELLENDER. And beyond reproach, too.

Mr. DIRKSEN. Yes; but I would still like to see the signature. [Laughter.]

Mr. ELLENDER. Very well. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARROLL. Mr. President, I support the Senate Finance Committee proposal to extend the 1948 Sugar Act through June of 1962.

This is a 15-month extension, and as such is an improvement over the 21-month extension provided in the House bill.

I would prefer to see an extension of the present act for only 9 months, through the end of this year.

However, with the time running out on us and the act about to expire on Friday night of this week, the realities of the situation force us, in this instance, to accept what is possible to get.

I think we can get a 15-month extension, and when our Senate conferees meet with the House I hope they will hold firm for 15 months, bearing in mind the problems of Colorado sugar beet growers.

The longer the act is extended on a temporary basis the greater the potential trouble for the sugar beet growers in my State.

What our Colorado beet farmers need is fast congressional action on a new, permanent sugar law; one that will treat the disposition of the Cuban quota in an invariable and stable manner over a long period.

In general terms, the new sugar law ought to provide for increased marketing allotments and increased growing acreage allotments for beet sugar.

These allotments ought to apply over a long enough period of time to permit the farmers and the processors to amortize the investments they will be required to make in putting new beet acreage and new beet factories into production.

The reallocation of the 3 million tons of raw sugar previously reserved for Cuba will mean a substantial change in the farm economy of 27 States and U.S. possessions and 20 foreign nations.

In terms of acreage the 3 million tons could mean in the neighborhood of an additional 1 million acres of farmland converted to sugar beet and cane production.

This will have a tremendous economic impact in the areas where the sugar is planted, factories expanded and new processing facilities constructed.

The uncertainty surrounding this growth in sugar production must be removed as swiftly as possible.

This is why I support a short temporary extension of the 1948 act and fast action on a new permanent act.

The unfairness in a long—that is 21 months—temporary extension of the 1948 Sugar Act is this: Our own domestic beet and cane sugar growers and our friends in sugar growing Western Hemisphere countries are going to increase production without a long-term commitment for markets for their products. They are going to hope for long-term markets, but for the next 21 months they will have no assurance.

Not only our domestic producers, but also our foreign friends, need to know over a long period what sugar tonnage they can expect to be able to market at a fair price. Twenty foreign nations, at this time, are temporarily filling the Cuban quota.

The longer we extend the 1948 act on a temporary basis the more uncertain, the more complex, we make conditions for Colorado farmers and farmers in other beet-growing States. At the same time, by extending temporarily re-assigned quotas to other sugar producing nations we tend to induce them to build up their farm and processing production to the point where eventual readjustment, or cutback, in, say 1963, could cause severe economic repercussions. Such repercussions would necessarily have unfavorable foreign-policy reactions.

The wisest course for our Government to take would be to extend the 1948 Sugar Act for as brief a temporary period as is practical.

I would favor 9 months, but I will, accepting the political realities facing us, agree to 15 months.

However, I urge a prompt determination of this issue by the Congress.

The chairman of the House Agriculture Committee has stated that he will hold hearings on a new and permanent sugar program in May of this year.

Relying on this promise I will support this temporary extension.

It is my hope that we can still complete action on a new sugar law before adjournment this summer.

It is vital to our domestic growers and to stable foreign relations that we do so.

If we are to eventually reallocate 3 million tons of sugar among domestic and foreign producers this must be done promptly so that costly patterns are not developed whereby inevitable change becomes painful and destructive and foreign friends are lost or parts of our own sugar economy are economically depressed.

This issue means a lot to my State.

Colorado is the second largest sugar beet producing State in the United States.

Only two States in the Nation harvest more than 100,000 acres of sugar beets a year—Colorado and California. Colorado harvested 155,100 acres in 1960; California 208,000 acres.

Colorado has the most beet-producing farms of any State in the Nation producing sugar beets. We have 4,285 beet farms. The next State is Idaho with 4,047.

Colorado has the most number of persons eligible for payments under the Sugar Act of 1948. We have 8,810. Idaho has 6,371.

Out of 22 sugar beet States, Colorado is second in tons of beets harvested—2,761,000 in 1960—and second in Sugar Act payments.

Colorado has more sugar beet factories than any other State in the Union. Colorado has 14 factories. California has 10. The next nearest State has five.

All of this means that my State has a real stake in the actions taken by this Congress on sugar.

What we do here today bears heavily on the economy of my State.

Last year Colorado farmers earned \$42,464,069 from sugar beets.

At the same time another \$25 million was paid out to workers in the 14 Colorado sugar beet processing plants.

Sugar is a \$70 million income producer in my State.

The Department of Agriculture told me yesterday that whereas Colorado farmers planted 157,300 acres to beets in 1960 they intended to plant 175,000 acres this year.

This is an 11-percent expansion and it represents the maximum amount our Colorado factories can handle without expending large sums for expansion.

This pattern appears to be true throughout the beet producing States. The expected national increase is 11.3 percent from 976,800 acres to 1,087,400 acres.

Beyond this, new plants are necessary and new plants take 2 years and \$12 million apiece to build.

Before we can ask our growers to step up their acreage—with the related heavy farm machinery and labor costs—and ask our processors to invest millions in new plants, we must give them a long-term commitment on markets for their product under revised quotas.

Related to the problem of long-term commitments, Mr. President, is the problem of development of new sugar beet growing areas.

Several regions of the United States have expanded their sugar beet acreage at a rate better than 25 percent in the past 10 years. One region's acreage has jumped 60 percent.

In my own region—the high plains and intermountain area—growth has been about 15 percent.

Competition for new sugar beet acreage is growing between the regions.

To the extent that such competition does not destroy certain producing areas it is a welcome economic condition.

But one area of my State is being hurt by the unbridled growth in beet acreage.

The Colorado western slope beet growing area has insufficient acreage in beets to sustain a healthy beet processing industry. The area is excellent beet growing country and the farmers are anxious to expand production.

The beet processing plant has warned the growers that it must close unless production is expanded. It is feared that this plant will move to a new beet producing region.

Loss of the western slope processing plant would bring economic havoc to the region's farmers and factory workers.

However, because of restricted marketing allotments for beet sugar our growers are not encouraged to expand their acreage to insure a profitable operation of the sugar company's plant.

The problem has been temporarily solved in this way: The growers this year have been forced to accept contracts at much lower rates for their beets in order to induce the company to keep the plant open.

The Western Colorado Beet Growers Association has wired me "this arrangement is uneconomic and cannot continue."

What the western Colorado farmers fear is that the plant will close down permanently and the sugar company will concentrate on developing new production facilities in other regions.

Once a new permanent sugar act is passed these uncertainties will be resolved and with increased beet sugar allotments the sugar companies and the farmers can work out growing and processing arrangements economically satisfactory to both.

I cite the problems of the western Colorado beetgrowers as an example of the uncertainties in the whole sugar picture which must be resolved so that the beet sugar industry—growers and processors—can be assured a measure of proper growth.

Because of the great uncertainty of the beet sugar situation in my State, the second ranking beet sugar State in the Nation, I call for as brief a temporary extension as practicable of the 1948 Sugar Act.

At the same time I call for a new permanent sugar act with adjusted increased sugar quotas for our foreign friends and increased quotas for domestic beetgrowers so that they may improve their economic condition and stabilize it against year-to-year uncertainties.

SUPPORT FOR S. 986, THE EMERGENCY PUBLIC WORKS BILL

Mr. CLARK. Mr. President, a representative group of 60 cities, of all sizes and in all regions of the country, has given strong support to S. 986, a bill which I introduced last month to authorize a program of Federal grants to State and local governments to accelerate public works of all kinds during the current recession.

I believe almost everyone agrees that, in theory at least, public works should be used as a countercyclical device. They should be postponed during periods of full employment and inflationary pressures, and they should be speeded up during periods of recession. Thus, public expenditures can be scheduled to offset the rise and fall of private investment and spending, and the business cycle leveled out.

The President has announced a series of measures designed to speed up Federal public works activities. But there is no program to bring about a corresponding acceleration of State and local public works. S. 986, which I introduced on February 23 with the cosponsorship of the senior Senator from West Virginia [Mr. RANDOLPH], the junior Senator from Alaska [Mr. GRUENING], and the junior Senator from Rhode Island [Mr. PELL], is designed to remedy that lack.

The program which we propose is patterned after that of the Public Works Administration of the 1930's. As in the case of the PWA, the Federal grant would be 45 percent. The grants would be given only for projects that represent a net increase in the current rate of capital expenditure of the public body concerned, and priority would be given to projects which could be started within 90 days and completed within 1 year thereafter.

The bill authorizes \$500 million in grants immediately, with another \$500 million made available at the President's discretion.

The first question that arises is whether State and local governments would be in a position to participate in such a program. Do they have projects "on the shelf" ready to be put under construction? And can they raise their share of the cost of the accelerated projects?

To obtain answers to these questions, the American Municipal Association has undertaken a survey of cities of all sizes asking them whether they would take advantage of S. 986, if it were passed, and how much additional public works construction they would be able to place under contract with the bill's assistance.

To date, the AMA has received replies from 60 communities. Of these, 45 said

flatly that they would take advantage of the bill. Of the other 15, some were opposed to the idea in principle, and others said that they were doubtful if they could raise any additional money locally in order to participate. A few suggested that their public works programs were proceeding all right without Federal assistance.

However, the vast majority of mayors and other city officials indicated their approval of the bill, and some were enthusiastic. Mayor deLesseps S. Morrison of New Orleans, for example, wrote:

Senator CLARK's proposal strikes me as being just about the most effective and realistic means of alleviating some of our present economic ills, as has been thus far advanced.

City Manager Wesley McClure of San Leandro, Calif., wrote:

We feel that the bill would accomplish its objective of stimulating construction and employment.

Mayor Lester E. Collins of Springfield, Ill., said:

The city of Springfield would be most anxious to embark on a short range program to include substantial amounts of street paving, sidewalk reconstruction, street lighting, and off-street parking lots.

Mayor Leo Berg of Akron, Ohio, wrote:

In my judgment, such a public works program aimed at increasing the value of municipalities is an excellent approach and proper in consideration for relief of economic pressure we now find in the United States.

The responses to the American Municipal Association survey confirm the testimony received from State and local public officials by the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare during recent hearings in Pennsylvania, New Jersey, and Rhode Island. Virtually without exception, these mayors and State officials supported S. 986.

The 45 cities, which indicated they would participate, enumerated projects totaling around \$100 million which they could get underway in these cities alone. And it must be remembered that States, counties, special districts, and other public bodies, as well as cities, would be eligible.

I ask unanimous consent that a summary of the 60 replies to the American Municipal Association survey, and the individual replies, be printed at this point in the RECORD. Most of the 60 letters are addressed to Mr. Patrick Healy, Jr., executive director of the association, but a few are addressed either to me or another Member of the Senate.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

In America, the Jesuit weekly, an article by Father Charles M. Whelan says:

"We could and did expect a silence respectful of the problem. As President of the United States * * * he should avoid unnecessary pronouncements on delicate constitutional issues."

This is a new doctrine of Presidential rights and privileges. The President has opposed direct aid, even in loans, to any private or parochial schools.

So far one Catholic paper, the Commonwealth, has supported the administration's education bill. That newspaper says: "If for any reason the bill should be defeated, the general welfare of the country would suffer."

It is of more than minor significance that the Commonwealth is edited by Catholic layman, and not by the priests and bishops of the church.

Not only is the hierarchy using press artillery in the battle, but a far-reaching lobby, by person and by letters and cards, is well underway.

These facts amply justify the statement made in the New York Times by John D. Morris in a special Washington dispatch:

"American leaders of the Roman Catholic Church have reached a decision which is testing the church's strength as a political force in this country."

It can be added that this is the first time, in recent times, that the church has publicly and determinedly put forth its power in American politics.

The Roman priesthood waged a similar political contest last year in Puerto Rico. It was defeated, largely by the votes of the Roman Catholic laymen.

The present signs are that the hierarchy will meet defeat in its extraordinary excursion into politics. For, regardless of the Constitution, direct Government aid to private and church schools would still more weaken the American public school system.

[From the Charlotte Observer, Mar. 11, 1961]

RELIGIOUS DEBATE IMPERILS KENNEDY'S SCHOOL AID BILL

Eleven months ago, while still a U.S. Senator, John F. Kennedy delivered a speech to the American Society of Newspaper Editors in Washington.

Much of that speech was given to a discussion of his religion and his presidential candidacy, and it contained this statement: "Federal assistance to parochial schools, for example, is a very legitimate issue actually before the Congress. I am opposed to it. I believe it is clearly unconstitutional. I voted against it on the Senate floor this year."

This week, speaking as the President, Mr. Kennedy restated his agreement with the U.S. Supreme Court that grants of public funds to nonpublic schools are clearly unconstitutional. He also stated his belief that even long-term loans of public funds to such schools are probably unconstitutional.

In doing so he disagreed with the hierarchy of his church.

The cardinals, bishops, and archbishops of the Roman Catholic Church in the United States are demanding low-interest Federal loans for work on their church schools. Furthermore, they have promised to fight any school aid bill that does not help pupils in private and parochial schools, and they probably have the power to kill such legislation.

Their position is one that even a Catholic President (and a lawyer) doubts in constitutional terms. And it is one that, in our opinion, amounts to unwise public policy for the country.

We are aware that many parents are taxed for support of public schools when their own children are enrolled in private or church institutions. Some of them must

feel that this is unjust, and that it is only fair that public funds be used for the support of their own schools.

We are also aware that the entire country is harmed when the quality of education in any sector—public or private—suffers from lack of support.

But it is dangerous business that the Roman hierarchy pursues.

Public funds in this country go for the support of public schools, and those schools are open to all children from all religious denominations.

There are denominations that choose to operate their own schools because they want religious instruction for the young. They are perfectly free to establish such schools, and parents are perfectly free to send their children to them.

But it is one thing to operate such schools as a matter of choice and quite another thing to expect Government to support them because they exist. Tax funds are collected from all the people, and Government should resist pressures to channel money into private areas.

The concept of a separate church and state is imbedded deeply in the American Constitution, and for the very best of historical reasons. That concept holds that all the churches will prosper, and so will the state, if they keep their affairs from becoming too mixed. The state guarantees to every church the right to operate, but it bestows no favors upon any and takes part in the operation of none. It has no pets: it grants no special privileges.

It is important that this concept not be diluted year after year, as is slowly happening. And for that reason the Catholic position must not prevail in the school aid legislation, not even where loans are concerned.

The President is consistent in his position. We hope this valuable program is not sacrificed because of the religious argument it has unfortunately attracted.

[From the Charlotte Observer, Mar. 26, 1961]

DEMOCRACY AND PUBLIC SCHOOLS

One reason why Congress should avoid public aid to nonpublic schools has very little to do with religion. It has a great deal to do, however, with education and the democracy that only education can sustain.

Public schools are one of the larger reasons why the American people, so diverse in their origins, have been able to come together into a society so united in purpose and attitude.

There is as much democracy in our schools as in any of our institutions. There the barriers can be knocked down and the differences leveled. There immigrant children have ceased to be Irish, or Greek, or Puerto Rican and have become American, and their parents in their pride have become more American too.

The public schools have been the cement that has joined peoples of different lineage, different thought—even different pigmentation—in common cause. A private school may divide for the simple reason that it is private and caters to the "select." A church school may divide because it is established to serve a particular creed, a particular need. The public school bridges. It unites.

This is not to say that private or church schools lack a place in American society. There is the full right to establish them and to attend them, and it must always be so.

But a pluralistic society must be careful in supporting such schools lest it fragmentize education and, in doing so, fragmentize society itself. This is not a matter of constitutionality; it is a matter of reason. It is just as important as law in the context of the present debate over the President's school program.

The Denver Post puts it succinctly:

"If this Nation ever reaches the stage when the children of each of the 256 separate demoniations attend 256 separate school systems financed by the Government, the danger to our national unity will be very great indeed."

True, only a few of the many religious groups now operate their own schools. But who can say what might happen if government steps in to subsidize religious schools as it supports public schools now? Would not splintered schools be encouraged then as they are, in effect, discouraged now?

Admittedly, this is only one phase of a big subject. But it is a phase that Washington cannot well ignore.

[From the Greensboro (N.C.) Daily News]

KENNEDY AND PRIVATE SCHOOLS

President Kennedy has staked himself out unequivocally on the issue of Federal aid to private or parochial schools: He is against it because the U.S. Constitution, as interpreted by the U.S. Supreme Court, prohibits it.

The President also hopes that the issue will not be stirred further by members of his own church because such stirring would only help defeat the Federal-aid-to-public-schools bill now pending before Congress.

In this respect, as a Washington wag noted, Mr. Kennedy, a Catholic, qualifies as the most satisfactory President the Baptists and the Seventh-day Adventists have ever had. These groups have been most persistent in applying the principle of separation of church and state, even to the point of refusing Government handouts for schools, hospitals, or other phases of church-supported activities.

The President, of course, is right in his interpretation of the law. The Federal Government cannot under the Constitution become a party to such appropriations. Many sincere Catholics believe this is rank discrimination. While they are entitled to their opinion, we still believe they are wrong.

The distinction between public and private schools must be maintained. Public schools, theoretically and increasingly in practice, are open to all qualified children. Those parents who choose to use private schools, for whatever reasons good or bad, are not denied the use of public schools for their children. They simply make the decision not to use them because they want something they feel is not provided in such schools.

There is no logic in arguing that the Government should therefore undertake to support private or parochial schools as such.

[From the Christian Science Monitor]

NO AID TO PAROCHIAL SCHOOLS

President Kennedy put it succinctly: "The Constitution clearly prohibits aid to parochial schools. I don't think there is any doubt of that."

Legally there should be no question. A major element of the democratic freedom which is so basic to the United States is the concept that the state—the servant of all the people—shall have no ties with any religious body.

That is the constitutional issue involved in the current dispute between the American prelates of the Roman Catholic Church and the President over his plans for Federal aid to education.

But there is far more than a matter of time-honored legal stricture at stake in this matter. Commonsense and an open-minded review of what the American dream is all about should convince citizens of all faiths and pocketbooks that the constitutional bar as applied to education is not an 18th-century intrusion but a living necessity.

The prelates say that aid to the public school system is discriminatory against children in parochial schools. But the public school system is free to these children as to all others. Its classrooms are open to them and to children in Protestant and non-sectarian private schools. Their parents have chosen an alternative, as is their right. But this free choice certainly does not mean they are being discriminated against.

The prelates indicate they would accept long-term, low-interest loans to the Roman Catholic Church for its schools, instead of the grants proposed for public school use. If one form of aid is unconstitutional, so is the other. For the only difference would be in the size of the subsidy paid to a church by the state.

We trust this issue will always be discussed calmly, not heatedly. It should be kept from becoming a source of bitter contention between Americans. And it should be kept so for the same reason that the system of universal free education represented in the public schools was itself originally created. American children of all backgrounds—of rich and poor, of city and country, of immigrant and pioneer, of devout and doubters—should have available to them the best possible education.

To support with the money of all the people schools for separate groups would be to further a fragmented class society in America.

[From the Washington Post, Mar. 13, 1961]

CHURCH, STATE, AND SCHOOLS

Are President Kennedy and the sponsors of the aid-to-education bill trying to penalize parents who think their children should be taught in church schools? This view was bound to arise as the controversy over aid to parochial schools has waxed hotter. It ought to be carefully examined in the light of the fundamental principles which determine the relations between the churches and the State in this country.

It is easy to understand this feeling that public policy acts unfairly to discriminate against the parochial schools. The Roman Catholic Church and many other churches have made enormous contributions to education in this country. Everyone acknowledges that if their efforts should be withdrawn or substantially lessened, heavy new burdens would fall upon the public schools. Taxes for education would have to be increased. Why, then, when Congress is considering a new program of Federal aid to education should the church schools be excluded from it?

The question goes to the roots of our constitutional system and political philosophy. Underlying both is the principle that all men are free and equal, and a vital part of this freedom is the right to worship in accord with the dictates of conscience without any interference on the part of government. In pursuit of this principle church schools are allowed to operate free of taxation and governmental control. Every church may decide for itself whether general education for its young adherents should be linked to religious instruction.

It became apparent many years ago, however, that religious and other private institutions could not supply the entire educational needs of the people. Public schools supported by tax funds grew in numbers and became the mighty force they are today because there was no other way of supplying modern education to all children. Today public education has become a bulwark of the American way of life. It can no more be abandoned or impaired than can our Federal system or the Bill of Rights. On the contrary, an irresistible demand has arisen for improvement and expansion of public school plants and facilities and teaching staffs.

However deeply concerned they may be about their own problems, critics of the President's program should be able to see that an extension of aid to church and public schools alike would critically undercut the latter. The major educational burden has fallen upon governmental agencies because they have the taxing power. As soon as public funds were made available to church and private groups, every religious organization would try to set up and expand schools of its own. The public schools would inevitably suffer an eclipse.

Beyond this unhappy prospect is the impossibility of separating the general public interest in education and the sectarian interest in proselyting within a church school. Many advocates of Federal funds for parochial schools point to the great advantages of what is called a "God-centered education." But each church has a different concept of God and His teachings so that it is utterly impossible for the Government to sponsor that kind of education without becoming involved in sectarian controversies. This is, of course, precisely what the first amendment's prohibition on the establishment of a state church was designed to prevent.

Congress must therefore face the hard fact that no aid can be given to church schools without putting the Government in the forbidden business of fostering the churches that operate the schools. This should be clear to critics as well as supporters of the President's program. There are many ways in which religious instruction can be given to supplement public education, and if the pressure on church schools continues to increase many of them may have to modify their operations. This would be a far more satisfactory solution, in our view, than an attempt to bend public education and the principle of separation between church and state to the interests of the parochial schools.

In any event, the Government must not, and cannot under the Constitution, intrude upon the teaching of religion. It is all very well to say that the Government would not need to interfere with the curriculums of church schools but if the Government should finance Methodist, Episcopalian, and Catholic schools, for example, it would by reason of that fact be teaching methodism, episcopalianism, and catholicism. Surely debate on the vital question of Federal aid to education ought to begin with general recognition of the fact that this is forbidden territory.

EXTENSION OF SUGAR ACT OF 1948

Mr. KUCHEL obtained the floor.

The Senate resumed the consideration of the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

Mr. MANSFIELD. Mr. President, after consultation with the acting minority leader [Mr. KUCHEL] and interested members of the Finance Committee, I wish to make a unanimous-consent request.

I ask unanimous consent that a vote be taken at 4 o'clock on the Douglas amendment, and that the time, after the conclusion of the remarks of the distinguished Senator from California [Mr. KUCHEL] is about to make, be equally divided between the proponent of the amendment, the Senator from Illinois [Mr. DOUGLAS], and the minority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on the Anderson amendment we vote at 5

o'clock, and the time be divided between the Senator from New Mexico [Mr. ANDERSON] and the minority leader, half to each side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

DEFENSE CONTRACTS ARE NOT SOCIAL PLANNING TOOLS

Mr. KUCHEL. Mr. President, the time seems to have come when certain misconceptions about my State of California and its role in defense production should be refuted. Indeed, simple justice demands that they be eradicated. I also feel it is vital in this connection to remove outworn shibboleths from the lexicon of the Senate.

Periodically, complaint is registered that an undue or unfair or unwise concentration of procurement contracts placed by or for the armed services is awarded industries in the State of California. Unfortunately, there is a tendency to link this complaint with unrelated pieces of legislation and to make it a part of irrelevant discussions. I am compelled to speak out because of a regrettable disposition to suggest that one means of improving the economy of our Nation or of specific portions of it is to cut down on the placement of orders for defense hardware with concerns located or headquartered in California.

The matter of defense procurement is at the very heart of all programs and efforts to assure our national security and to provide adequate forces for deterrence of aggression and, if circumstances beyond our control should require such action, for instant and devastating retaliation.

Let me acknowledge at the outset, Mr. President, that California's industrial economy comprises a substantial number and variety of companies, both large and small, which specialize in fabricating, assembling, and developing items for our armed services. This is a fact of life of which all Californians are proud. It also seems to be a reason for envy and jealousy on the part of other areas of our country.

While I have no desire to impute to my colleagues unworthy motives, I am impelled to conclude that certain legislative proposals relating to the placement of defense procurement contracts are inspired in large part by obvious covetousness, by selfish envy, and by greater concern over local welfare than for national security.

My remarks today are prompted, Mr. President, by the submission of legislation which would add another and highly improper factor to those which are considered in the placing of orders for military hardware.

I submit, Mr. President, that when the Congress votes immense sums for the purchase of goods and services to maintain a strong American defense, the Congress does not desire to have those moneys spent for social or other purposes.

In a word, Mr. President, I firmly maintain that our national welfare can not tolerate having defense procurement

COAST CHAMBERS FIGHT FOR DEFENSE CONTRACTS—BATTLE STRATEGY FOR CALIFORNIA LAWMAKERS AGAINST EASTERN INROADS MAPPED AT PARLEY

(By John H. Averill)

WASHINGTON.—Within the next few days California Congress members will be supplied with battle strategy to deal with the mounting and well-organized eastern campaign to pirate away west coast defense business.

Plans on how to cope with the eastern pirating maneuvers were discussed Tuesday at a closed-door meeting of west coast chamber of commerce executives and the California congressional delegation.

H. C. (Chad) McCollan, president of the Los Angeles Chamber and host at the luncheon meeting said afterward the session was called to discuss the economic impact of present and future defense procurement matters.

VOICE FEAR OF LOSSES

However, it was learned that the session went considerably beyond this and that several speakers indicated considerable apprehension that defense business might be diverted from the west coast to help economically depressed regions in the East. Also attending the meeting were chamber of commerce representatives from San Francisco and Oregon and Washington, along with observers from the California State Chamber.

To meet the eastern threat, it was learned, west coast interests are preparing statistical material which they contend will give California Congress members the ammunition to justify the State's major role as a defense producer.

Meanwhile, Senators KEATING and JAVITS, both New York Republicans, kept up their almost daily verbal drumfire against what they call an overconcentration of defense contracts in California.

KEATING, in a Senate speech, asked Secretary of the Air Force Zuckert "to keep a close watch" to assure that subcontracts under the new \$1 billion contract to Lockheed for jet cargo transports "are spread over a fair geographical area and not concentrated in any one spot."

"New York has many fine firms," KEATING said, "it has excellent facilities. New Yorkers have all the know-how. What they need is a little consideration from the Department of Defense which seems to have taken quite literally Horace Greeley's remark about going west."

JAVITS, in a similar vein, said prime defense contracts to what he termed high unemployment areas in New York State dropped by 60 percent during the last quarter of 1960.

West coast interests fear that the constant attacks from New York and other States, typified by the Keating and Javits remarks Tuesday, might eventually result in the Pacific coast losing additional defense business. It is at this prospect that the current retorts are aimed.

Mr. KEATING. The diligence of the congressional delegation from California gave rise to the thought that the New York delegation should perhaps display some diligence themselves on behalf of their State.

The united efforts of the congressional delegation from California to assist their State are perfectly proper and legitimate efforts and are legendary in Washington. They have been going on for years.

The Senator has referred to the fact that the Senators from New York have in no way charged favoritism in the making of contracts which have resulted in nearly a quarter of the defense business of the entire Nation being cen-

tered in one State. We have not charged favoritism. We still do not charge favoritism. But we do say that to some degree the preponderance of contracts for California is due to the very diligent efforts of the distinguished Senator now addressing us, and to the diligent efforts of the congressional delegation in the other body. They have aroused in the minds of defense officials a constant awareness of the abilities of the State of California, which are great. Some of us from other States feel that we also have the know-how, the facilities, the trained labor force, the scientific institutions to which the Senator from California has referred, and all the other elements that go to make up a vigorous industrial complex. We too should be able to alert the Defense Department to the abilities of our own States to perform in some of the fields of defense procurement.

It will be my intention, again expressing my gratitude to my friend from California, to deal at some length with the proposed legislation to which he has been referring. At the moment, I am being importuned by those who are interested in sugar legislation to make these remarks brief. I will therefore refrain from further remarks. I assure my friend from California that when I attack his position—not him as an individual—I shall be happy to inform him of what I intend to say, and to give him every opportunity to be here on the floor, because this open debate on the merits of our respective States and their ability to do the job for national defense is all to the good.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the senior Senator from New York, and I thank my friend the junior Senator from New York.

Mr. JAVITS. I shall be very brief. However, I wish to participate in this colloquy, because I have had a great deal to do with the proposed legislation which has been referred to.

I should like to tell my friend from California that with \$23 billion in procurement, and the amount increasing, according to the President's new defense requests, and with only about \$3 billion of the \$23 billion actually in competitive bids, it is almost inconceivable to me that any American, whether of California or of New York, or any group of Americans in either State, all of them taxpayers—and I call attention to the fact that California, after New York, pays the largest amount of Federal taxes into the Federal Treasury—would object to the idea of having more competition.

I have been among those who said that California anticipated the missile emphasis, prepared for it, and did a vast amount of research to get the benefit of it.

I want my State to do precisely what California has done. I do not want the door closed to this opportunity to benefit. That is all that is implied by the proposed legislation which has been introduced by the whole New York delegation. We want an open-door policy, not a closed-door policy, with respect to Fed-

eral procurement, including negotiated contracts.

So what we say to our own people—and we say this to both labor and management—is, "Sharpen your pencils, widen your research, and do what the people in California did, so that you will be in a better position to compete."

As my colleague from New York has said, we are not heaping abuse on California. We do not charge favoritism. We are asking our State to emulate what we consider to be a proper example of enterprise. I hope very much—and I know that the Senator from California feels this way, too, and I know he is indefatigable in his efforts on behalf of his State—that in uttering these words to the people of his State there is no reason on their part to fear when we ask the people of our own State to get on the ball so to speak. That is all we intend to do with our proposed legislation.

Mr. KUCHEL. I thank the distinguished Senator.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from Ohio.

Mr. LAUSCHE. The Congressional Quarterly Report, March 24, 1961, shows that in 1960 the total wage paid by the Federal Government, to active duty military personnel, was \$6,064,781,380. Of this total national amount the expenditure in California was \$781,380,000. Dealing with Federal employees, the total expenditure of the Federal Government was \$5,318 million, of which \$788,659,000 was spent in California. The figure of 23 percent mentioned before applies only to procurement contracts, and not at all to other expenditures.

EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

Mr. DIRKSEN. Mr. President, I understand that the time from this point until 4 o'clock is controlled and equally divided for debate on the Douglas amendment; that is to say, on the Ellender proposal to strike the so-called Douglas amendment from the bill.

The PRESIDING OFFICER. The Senator is correct.

RATIFICATION OF THE 23D AMENDMENT TO THE CONSTITUTION GRANTING NATIONAL SUFFRAGE TO THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. President, I yield 1 minute to the distinguished Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I take this minute to make the statement for the Record that the 23d amendment to the Constitution is now the law of the land, the States of New Hampshire and Kansas having ratified the constitutional amendment which gives to the voters of the District of Columbia the right to vote for President and Vice President.

The soundness of that approach is evidenced by the speed with which the amendment was ratified, setting almost a time record for the ratification of an

amendment to the Constitution. The colloquy which we have listened to on the floor of the Senate in the last few minutes, between the Senators from the States of New York and California, is evidence of the high value which we place upon representative government. For too long the District of Columbia has not had the opportunity to express itself, and now, at last, it has an opportunity to vote for electors for President and Vice President.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished Senator from Nevada.

Mr. BIBLE. Mr. President, this is a great day for democracy right here at home. It is significant that after 161 years the disenfranchised people of the District, consisting of nearly 1 million citizens, will be entitled to vote, because of the action of the States of New Hampshire and Kansas on this very day in bringing about ratification of the 23d amendment to the Constitution. In doing so, these 2 States have joined the 36 other States which preceded them in bringing about ratification of the 23d amendment.

Certainly this is a great day for democracy at home, in what many of us look upon as the world capital of democracy, Washington, D.C., U.S.A.

As the chairman of the Committee on the District of Columbia, I pledge every effort to expedite enabling legislation to permit orderly voting procedures. As a matter of fact, the District of Columbia officials at this moment are considering proposed legislation to be forwarded to Congress within the very near future. I see no reason why such proposals should not move along in an orderly, vigorous manner during the coming year.

I think it should be commented that we who believe in a full measure of citizenship for the residents of the District of Columbia do not feel that this is accomplished fully and completely; but it is a step in the right direction. There should be no confusion between the question of national suffrage and the question of local self-government, because both, in my humble opinion, are very important in a democracy such as ours.

I am especially proud of the fact that my own State of Nevada was the 12th State to join the honor roll in ratifying the amendment.

I pay particular tribute to the distinguished Senator from South Dakota [Mr. CASE] and to the distinguished Senator from New York [Mr. KEATING], one of the leaders in the Committee on the Judiciary in the effort to secure ratification of the amendment. I am very happy to join with them in this endeavor. I am glad it has been accomplished today. The Committee on the District of Columbia will within the near future implement the ratification of the amendment, within the framework of our committee.

Mr. DIRKSEN. Mr. President, I yield one minute to the distinguished Senator from New York.

Mr. KEATING. Mr. President, I am happy to join in expressing my gratifi-

cation at the action taken today by the last two States to ratify the amendment which gives to the residents of the District of Columbia full citizenship, at least so far as voting for President and Vice President of the United States is concerned.

I myself favor home rule for the District of Columbia, but I recognize the fact that this is a much more controversial measure.

Mr. President, Ratification has now been completed. The next step is implementation, which will require the passage of a District of Columbia election law by the Congress. I hope immediate attention will be given to the implementing legislation while the momentum generated by the process of ratification is still upon us.

I want to pay tribute the distinguished Senator from South Dakota [Mr. CASE] and the distinguished Senator from Maryland [Mr. BEALL] for their fine efforts in which I was happy to join in pushing for the enactment of the District of Columbia vote constitutional amendment. I am also grateful to the distinguished Senator from Nevada [Mr. BIBLE] for the fine cooperation which he has demonstrated at all stages of this work.

Finally, Mr. President, I salute the people of the District of Columbia. I welcome them to the ranks of voting Americans, and I trust them to exercise their new privilege wisely and diligently. And I salute the people of our Nation for making possible this restoration of democracy to the Capital of the greatest democracy in the world.

Today is a great day for the Nation.

Mr. CASE of South Dakota. Mr. President, I express my appreciation for the kind remarks made about me. I appreciate and applaud the statement of the distinguished Senator from Nevada [Mr. BIBLE] that the Committee on the District of Columbia will now take prompt action to implement the amendment.

Mr. KEATING. I am very happy that that will be done.

VISIT TO THE SENATE BY MEMBERS OF THE CONGRESS OF BRAZIL

Mr. DIRKSEN. Mr. President, I yield to the distinguished Senator from Oregon such time as he may desire.

Mr. MORSE. Mr. President, this noon the Committee on Foreign Relations had the privilege of honoring and serving as hosts, at a luncheon, to six visiting parliamentarians from our sister republic to the south, Brazil.

We have the pleasure of having six members of the Chamber of Deputies of the Brazilian Parliament as our guests on the floor of the Senate at the present time. I have been given the honor of formally presenting them to the Senate.

I introduce, first, the chairman of the Foreign Relations Committee of the Chamber of Deputies of Brazil, the Honorable Raymundo Padilha. [Applause, Senators rising.]

I present next the Honorable Helio Machado, who also is a member of the Foreign Relations Committee of the

Chamber of Deputies of Brazil. [Applause, Senators rising.]

Next I present the Honorable Ocelio de Medeiros, who also is a member of the Foreign Relations Committee of the Chamber of Deputies of Brazil. [Applause, Senators rising.]

Next I present the Honorable Menotti del Picchia, a member of the Chamber of Deputies of Brazil. [Applause, Senators rising.]

I present next the Honorable Jose Henrique Turner, a member of the Foreign Relations Committee of the Chamber of Deputies of Brazil. [Applause, Senators rising.]

Next I present the Honorable Moreira da Rocha, a member of the Chamber of Deputies of Brazil. [Applause, Senators rising.]

On behalf of the Senate of the United States, I extend to our visiting parliamentarians a very sincere, warm, hearty welcome. We want them to know that the facilities and services of the Committee on Foreign Relations and the Senate are at their disposal.

Mr. DIRKSEN. Mr. President, I yield as much time to the distinguished Senator from Vermont as he may desire.

Mr. AIKEN. Mr. President, I wish to add to the welcome extended to our friends from Brazil by the chairman of the Subcommittee on Latin American Affairs of the Committee on Foreign Relations. We are very highly honored today to have our friends from our great sister republic as our guests in the Capitol of the United States.

Brazil is the country, of the whole world, which most nearly corresponds with our form of government in the constitutional and legislative process, and in other ways.

I might also add that Brazil is the country of the world whose views on international affairs most closely coincide with those of the United States. We are seldom found on opposite sides of any question which arises in the United Nations.

I could continue at length to extol the virtues and the wonders of our great sister republic to the south, but I realize that time is limited. I shall simply say that we are indeed pleased that so many members of the Brazilian Chamber of Deputies could visit us in Washington. They will see much more of the United States, but we are particularly pleased that they can meet with us in our Capital City.

The PRESIDING OFFICER (Mr. PELL in the chair). On behalf of the Senate, the Chair welcomes our distinguished visitors.

EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

Mr. DIRKSEN. Mr. President, I yield 15 minutes to the distinguished Senator from Idaho.

Mr. CHURCH. Mr. President, the greatest single problem involved in developing long-range sugar legislation this year is the problem of the new grower—the question of how much and

how fast domestic sugar production should be permitted to expand in both old and new producing areas during the years ahead. I say it is the greatest single problem because it touches on so many other phases of the complicated sugar program, and because it has ramifications that extend not only to all parts of our own country, but also deeply into the field of our delicate relations with the nations in Latin America and elsewhere in the world. While the question of new growers is primarily a question to be resolved in long-range sugar legislation, which we are not considering today, it has been injected into the discussion of the short-range bill now before us. And so, Mr. President, a thorough discussion of this question and its ramifications is essential to our arrival at a wise judgment on the bill we are considering.

In my own State of Idaho, the problem of the new grower and its ramifications is dramatically exemplified. In Idaho we have an old and well-established beet-sugar-producing industry, and we also have many farmers on newly developed agricultural land who do not now grow sugar beets but who are eager and anxious to do so. Within the borders of Idaho we have in microcosm the conflicts which complicate this problem on a national scale.

For nearly 60 years the growing of sugar beets has been an integral part of the agriculture of Idaho, and the successful operation of beet sugar processing plants has been an important part of the industrial pattern of my State. The first beet sugar factory in Idaho was built at Idaho Falls in 1903. Over the years, that factory has been modernized and enlarged until it is virtually a completely different factory, but it is still in operation at Idaho Falls. There are five other factories in operation in my State—at Preston, Paul, Twin Falls, Lincoln, and Nampa. The last new beet sugar factory in Idaho was built in 1942, nearly 20 years ago.

Idaho ranks third among all the 22 producing States in volume of sugar beets and beet sugar produced. Last year, 1,776,000 tons of sugar beets and 434,907,300 pounds of refined beet sugar were produced in Idaho. The sugar beet crop is among the most important field crops in my State, from an income standpoint, and annually accounts for between \$20 million and \$25 million of cash income for the farmers of Idaho.

By any definition, Idaho is an old-established sugar-beet-production area.

Mr. CASE of South Dakota. Mr. President, will the Senator from Idaho yield for a question?

Mr. CHURCH. I prefer to finish my speech, since I am speaking on limited time. If I have any time left when I have finished, I shall be happy to yield to the Senator from South Dakota for a question.

Yet within my State there are many farmers who would like to become new sugar beet growers. My mail daily attests to this fact.

One area, in particular, is worthy of special mention because it has a parallel

in many another State. Some 70,000 acres of land have come under irrigation in recent years in the Minidoka reclamation project—known locally as the North Side project. It extends into three counties in south-central Idaho.

On this land are many war veterans, who now are striving to pay for small parcels of the land for whose freedom they so valiantly fought and bled. Most of them are young people, who are struggling to establish a future for themselves and their children. They came to this land, many of them, in trailers, and have built their small homes with their own hands, board by board, shingle by shingle, nail by nail, during the hours when they were not laboring in their fields. They came to the land when farm operating costs were high and going higher, and when general farm income was going down. Their capital is limited. They are desperately in need of a dependable cash crop—a crop around which they can build a balanced and sensible farm operation, a crop which will fit well into a rotation plan which will help build the fertility of their land, a crop which will not contribute to building up farm surpluses. The sugar beet ideally fits all their requirements. But under the present law, precious few of these veterans and other farmers on the Minidoka project are permitted to grow this one crop, which would do more than any other to give substance to their dreams of a secure future for themselves and their children.

Yet, just a few miles away, even in the same counties, they see the “old growers” produce sugar beets, year after year. Each fall, the veterans see the steam rise from the processing plants, white plumes contrasting against the deep blue Idaho sky, banners signalling the harvest of another crop of sugar beets, which they, the veterans, are denied the privilege of growing.

So, Mr. President, it is understandable why my files bulge with pleas for changes in the Sugar Act—changes which would give greater consideration to new growers. Yet the pleas of my Idaho constituents are tempered by the knowledge and understanding that the sugar program is essentially a system of balances, and that when any material changes in the system are proposed, due recognition should be given to the system as a whole and to the various parts which maintain the balance. Most of the Idaho veterans who now are asking for an opportunity to produce sugar beets have grown up in sugar-beet country. Many of them grew up on farms that had sugar-beet allotments. This has given the veterans an appreciation of the importance of maintaining the sugar program and the established industry. They would not destroy others, in order to gain a dubious advantage.

It is obvious that in order to provide for additional acres to be available for allocation to new domestic producers of sugar beets and sugar cane, it is necessary to provide a quota for marketing the sugar produced from the new acres. The quota for new producers can come from only three sources: First, existing

quotas of other parts of the domestic sugar industry, including the established beet-sugar industry; second, the annual growth of the U.S. sugar market; or third, foreign quotas, including the quota which under normal circumstances would be allocated to Cuba, but which under today's circumstances rightly is forbidden to Cuba.

It would be unsound, unfair, and unjust to take away from the domestic producing industry any significant portion of its quota, in order to provide for the entry of new growers. The ones who now are producing sugar beets are the ones who have built the industry. Thousands of them have stayed by the industry through thick and thin. They have produced sugar beets and have kept the industry going when other farm crops were much more attractive and much more profitable to produce. Sugar beet prices have been relatively stable over the years. True, they have not dropped as sharply or as fast as have the prices of some other major crops. But neither have they risen to the heights to which the prices of other farm crops have risen during some of the years in the 1940's. Yet thousands of farmers continued to produce sugar beets, when they could have made a great deal more money by shifting to the production of other crops. Advocates of expanding the beet sugar industry into new areas have expressly stated they would not want to cut back the existing industry and penalize the farmers who have built the industry—if that were the only way for new growers to get into the business.

The second alternative for getting quotas for new growers is to reserve for them some of the added acreage required to produce sugar to fill the annual increase in our market needs.

One year ago—in March of 1960—I proposed to a sugar bill then pending in the Senate—S. 3210—an amendment which would have provided in exactly that way some acreage for new producers. My amendment would have required that each year, Cuba's former share of the annual growth in our sugar market would have been allocated to domestic areas, and 40 percent of that amount would have been allocated to the domestic beet sugar area. In the allocation of increased acreage to fill that part of the quota, under my amendment, the Secretary of Agriculture would have been required to give preference to new and small growers. Thus, on a progressive basis, each year some additional acreage out of the natural growth in our sugar market would be available to help these new and small growers.

Because of the situation in regard to sugar legislation which prevailed during the last session, neither the Senate bill, S. 3120, nor any proposed amendments to that bill had an opportunity to reach the floor.

I realize that today my proposal of last year would appear modest indeed. The situation today is entirely changed. Because of the continued anti-American acts of the Castro government, Cuba has been denied her entire quota.

The mood of the Nation—and therefore of the Congress—has changed. A genuine recognition of the importance of the domestic sugar-producing industry and its need to expand into new areas is much more widespread than it was in March a year ago.

So in the present situation the only realistic alternative is to transfer some of the foreign quota to domestic areas; and the logical place to get it is from the quota that would have gone to Cuba if the Cuban Government had not embraced the Communists. Cuba's quota today, on an annual basis, would have been 3½ million tons, at the present level of consumption. I would not attempt to say, here and now, how much of that quota should be transferred to domestic areas. The details of a long-range sugar program cannot be written on the floor of the Congress. But the amount of the former Cuban quota that should be transferred to domestic areas ought to be substantial.

The experiences we have had with respect to Cuba during the past 2¼ years, since Castro came to power, have demonstrated that it is incontrovertibly in our national interest never again to rely on only one foreign nation for so large a portion of our sugar supplies—just as it would be in Cuba's interest not to rely on a single crop to support her economy. Similarly, in my view, we should not continue for long to rely on foreign nations generally for so large a portion of our sugar supplies as we do under the present law. There is nothing sacred about the 55-45 figure—the division of the market with 55 percent to domestic producers and 45 percent to foreign suppliers. In the interests of our national security, as well as in the interests of our Nation's farm economy, under any future long-range sugar legislation, domestic producers should be permitted to fill a larger percentage of our total sugar needs.

American sugar consumers are fortunate that the domestic areas most capable of the largest expansion are on this continent—where the flow of supplies is not endangered, in this era of world unrest and turbulence, by the ever-present threat to our seaports. In anticipation of what is inevitably ahead, the raw cane-sugar producing industry of the South, particularly in Florida, is now building for greater production. New land is being drained for the planting of cane. No less than four new raw cane sugar mills are now under construction in Florida, and a new cane sugar refinery is underway in that State.

Tremendous scientific advancements in the production of sugar beets and in the processing of beet sugar have significantly increased the production capacity of the beet sugar industry over the past several years, and the technological advancements are still going on. Analysts of the Department of Agriculture have determined that during recent years the yield of refined sugar has increased an average of 100 pounds per acre per year. More than 2½ tons of sugar are now produced from each harvested acre of sugar beets, compared with less than two tons per

acre when the Sugar Act of 1948 became effective. The developments now in the greenhouses of the plant scientists and on the drawing boards of the engineers promise that increased production, through technological advancements alone, will continue at a rapid rate in the future. Without adding 1 acre to the acreage to which the industry was restricted in 1960, and without building one new factory, there is every indication that the beet sugar industry will continue to increase its sugar production by 50,000 tons a year, every year.

What do these technological advancements mean in relation to pressure for increased beet-sugar quotas?

During the last 3 years, sharp and drastic acreage reductions in the sugar-beet States would have been necessary, in order to keep production in line with basic quotas, except for the misfortunes which occurred in our domestic offshore producing areas. A combination of adverse weather and lowering sugar content of the cane in Puerto Rico and the Virgin Islands reduced sugar production in those areas below their established quotas. A prolonged strike in the cane-fields of our 50th State, Hawaii, has had lasting effects on the sugar production there—so that Hawaii, also, has failed to meet its established quota.

Substantial amounts of these quota deficits have been added to the basic quota of the beet-sugar industry, and have forestalled the acreage reductions which otherwise would have been required. About 10 percent of the restricted sugar-beet acreage last year was used to fill the "deficits" in the Hawaiian, Puerto Rican, and Virgin Islands quotas. To prevent penalizing the beet-sugar industry for its own efficiency, any long-range legislation must write those deficits into the basic beet-sugar quota—for we must expect that the misfortunes which have plagued the offshore domestic areas will disappear, and that some day in the near future those areas again will produce their full allotments of sugar.

With production restricted by an acreage ceiling last year, the beet-sugar industry produced some 2,450,000 tons of sugar, an alltime record. This year, with some 100,000 additional acres being planted, beet-sugar production is expected to reach a level of between 2,600,000 tons and 2,700,000 tons. There is no question about the beet-sugar industry's great ability to produce. This ability will be increased still further, of course, by the addition of new producers and new areas.

If production ability were the only factor to be considered, Mr. President, the problem of providing elbow room for new producers would be materially simplified. But larger production raises serious marketing problems, in addition to the question of how large the beet-sugar quota should be, in a new long-range law.

Part of the complication is a matter of geography. Sugar beets are produced now in 22 States—from the Great Lakes region, on the east, through the Great Plains and the high plateaus of the Rocky Mountain States, on to the

States on the Pacific coast. Most of the beet sugar produced in those States is marketed in those States. But a sizable quantity of cane sugar is also refined in some of this area. More sugar is produced and refined in these States than can currently be consumed there. So the market is pushed outward into certain fringe areas. Still, most of the beet sugar is marketed in 25 States of the West, Middle West, and Southwest. When the beet-sugar industry reaches for markets much beyond this broad areas, the cost of shipping soon eats up the profits. The hard economics of freight rates tend to keep the great bulk of beet-sugar sales in and close to this 25 State area.

That is not to say that sugar beets are the only source of the sugar sold in this area. On the contrary, only about half the sugar consumed in this area, as a whole, is cane sugar. The distribution varies among the individual States, of course. In some of the States, beet-sugar sales account for 80 to 90 percent, or more, of the total sugar sold. In others, the percentage is much lower. The cane sugar sold in this area comes not only from the cane refineries located within it, but also from cane refineries located on the east coast and on the gulf coast.

The marketing picture is further complicated by the dispersion and decentralization of the beet-sugar industry. The beet-sugar industry is not a single entity. It is a complex that includes many thousands of individual farmers who contract to sell their sugar beets to more than a dozen separate processing companies. Each company competes vigorously in the selling of its sugar production, vying for markets with the other beet-sugar companies, as well as with the cane-sugar refiners who sell in this area.

This highly competitive situation with respect to the beet-sugar companies is in contrast, for example, with the manner in which the 27 large plantations in Hawaii market their sugar. Most of Hawaii's million-ton production of cane sugar is marketed in refined form by a single seller, a huge refining cooperative on San Francisco Bay, which is owned entirely by the 27 large plantations—all but 1 are corporate plantations—which produce Hawaiian sugarcane.

Another large cane-sugar seller within the 25 State primary beet-sugar market is a cane-sugar refining company which has refineries on the east coast and on the gulf, and which alone sells about 2 million tons of sugar annually on the U.S. market—a volume which is about equivalent to the total marketings of the entire beet-sugar industry.

In addition to these dominant cane-sugar refiners, a number of smaller cane-sugar refiners sell in some of the same markets in which beet-sugar companies compete for the business.

Now, the present law has an interesting provision regarding the marketing of sugar. Whenever it appears to the Secretary of Agriculture that orderly marketing will be facilitated by doing so, he imposes marketing allotments on the

individual beet sugar processing companies. Any company that sells a single pound of sugar more than its marketing allotment is subject to severe penalties. Such marketing allotments have been imposed in 5 of the last 6 years. In 1959, the allotments were finally lifted late in December, and in 1960 preliminary allotments were made but no final allotments were made. But no marketing allotments were imposed on any of the cane sugar refiners in any of the years.

In this year, the beet sugar industry will produce about a half million tons more sugar than it has ever marketed in a single calendar year. It remains to be seen whether, under the present marketing situation, anything like that production will be sold under conditions which can be described as orderly.

When long-range sugar legislation is written, I think the Congress should carefully consider whether the administrators of the Sugar Act have used the full power of the law with respect to the marketing of sugar. I think the Congress should discuss the language of the law with the administrators. It may be that the language should be strengthened so the Secretary of Agriculture may more easily limit the marketings of individual cane sugar refiners, as he now limits the marketing of individual beet sugar processors, or so that he may more easily channel raw sugar supplies to specific ports to provide for the most equitable distribution of available supplies.

The PRESIDING OFFICER (Mr. PELL in the chair). The time of the Senator has expired.

Mr. CURTIS. I yield 3 additional minutes to the Senator from Idaho.

Mr. CHURCH. I believe I can finish in 3 minutes.

I do not know the answers, Mr. President, but I do know that the marketing picture will be influenced markedly by the entrance of new growers in new producing areas. I mention the marketing situation and some of the marketing complexities that are involved for the same reason that I have discussed some of the other factors involved in this new grower problem. And that is to demonstrate that this is a complex problem, with many ramifications. It cannot be settled on the floor today, nor can it be settled quickly off the floor. It must be the subject of intense and extended study—with due attention paid to maintaining the equitable balances which have made the sugar program operate so well in the national interest.

Mr. President, as I have indicated earlier in this discussion, I am extremely interested in long-range sugar legislation in this session of Congress that will permit new producers to produce sugar for the American market, not only in Idaho but in other States where a benevolent nature has provided the climate and the soil, the sunshine and the water, to make production of sugar crops practical.

But I am extremely interested in long-range sugar legislation which will also preserve for our country the dependability of supply, the assurance of reasonable prices, the equity of treatment of

all the diverse groups involved—which the sugar program has provided for more than a quarter of a century.

And so, Mr. President, faced as we are with the expiration of the sugar program at midnight tomorrow, I urge adoption of the 15-month bill which is now before us. That will give us the extra assurance that if the complexities of a comprehensive new sugar act cannot be solved before adjournment—although I am confident they can be—if events of the unforeseen and unforeseeable future prevent their solution before Congress adjourns this fall, we will still maintain the sugar program until the next session of Congress can complete the work on a new long-term sugar bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. Mr. President, will the Senator from Nebraska yield an additional minute?

Mr. CURTIS. I yield 1 additional minute.

Mr. CASE of South Dakota. I merely wish to identify my interest with that of the Senator from Idaho. I think he has made a splendid appraisal of the situation. We have an identity of interests since the Utah-Idaho Sugar Co. is the company which operates a sugar plant in South Dakota. It has facilities which will provide for the outlet of more sugar. It has this year been signing up additional acreage in eastern South Dakota.

As I understand, the extension of the Sugar Act will not affect one way or the other these new growers this year.

I see that the Senator is confirming my observations by nodding.

I hope the long-range solution to which the Senator has referred will be arrived at so that the new growers who are ideally situated and have the water to produce sugar beets can avail themselves of the opportunity and will have some assurance that they can continue to grow sugar beets in the future, rather than go back to corn or some other surplus production.

Mr. CHURCH. I thank the Senator.

Mr. CURTIS. Mr. President, I yield 5 minutes to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, whenever I find myself on the other side of an issue from the Senator from Illinois [Mr. DOUGLAS], I am not sure I am right. On this occasion I wish to say there is a great deal of merit in the position taken by the Senator from Illinois, but I have concluded that the weight of the argument is against the proposal for which he has been so ably and valiantly standing in the debate.

My objections to it are as follows: First, as a member of the Foreign Relations Committee, and as chairman of the Subcommittee on Latin American Affairs, I am very much moved, and I am frank to say so, by the position taken by the State Department on this matter. I was in consultation with some of the State Department officials this morning, and they advised me that, in their opinion, the proposal of the Senator from Illinois would have detri-

mental effects on the United States-Latin America relations because of what they consider to be a discriminatory provision.

The provision that in reallocating Cuba's former quota on the basis that sugar would be obtained at world prices instead of the U.S. price paid for on foreign quota sugars might seriously damage our foreign relations with our Latin American neighbors.

The world price for sugar has been long recognized by the sugar trade throughout the world as a "dumping" or residual price. Since 1934 the U.S. market has been a premium market and, in fact, it was the intent of the legislation that suppliers to the U.S. market were included as beneficiaries of the legislation.

It would be unwise to take such a step at this time to reduce many of our foreign suppliers to a group of discriminatory suppliers, as would be the case where those foreign countries having basic quotas would receive full U.S. price, and then other suppliers making up the deficit from Cuba would be reduced to second-class suppliers.

I recently introduced to the Senate a delegation from the Brazil Chamber of Deputies. There is not any doubt of the fact that a part of the allotment will go to Brazil, but it will be discriminatory against Brazil on the basis that she will be forced to sell to us at the world price, because Brazil is not the beneficiary of a quota.

We have, as we all know, a very delicate situation in trying to work out a program with Brazil in regard to helping that country develop its economic productive power.

I have heard also this morning from producers of our agricultural products which are in surplus, such as wheat, that there has been a movement for some time to seek to work out a trade arrangement with Brazil in regard to wheat exchanges for sugar. But if we adopt a program which means a reduced price for sugar to Brazil, it is going to produce that kind of complication in the economical field.

The State Department believes that such a discriminatory policy would injure our relations with South America. Over the past quarter of a century of sugar legislation, the act has worked reasonably well, primarily because the United States was considered a preferred market and in times of stress such as World War II, the Korean emergency, and the Suez crisis, the United States had no trouble obtaining sugar, even though world values were above U.S. prices. World production today is at high level. However, since Cuba has entered the Communist orbit, much of the world's surplus of sugar, which has been referred to, is under Communist control. Cuban production, at a 6-million-ton level, together with an increase in production in Communist areas, makes up a very sizable portion of the world's sugar supplies.

This is a most inopportune time to institute such an amendment, which could easily disrupt the movement of

sugar to the U.S. market to supply the 10-million-ton quota for 1961. It is not an action to take hastily with no opportunity to be heard. The savings to the United States are based on an effort to obtain sugar at below cost of production, or at a "dumping" price. We are trying to do this under conditions which are sure to harm our foreign policy. This action would jeopardize an assured supply of sugar for the U.S. citizens. The action does not contemplate any change in price of sugar to consumers. In fact, I fear it is more likely to result in increased prices.

I close by saying, Mr. President, I, too, believe there is a need for a complete review of the whole sugar policy of the United States in connection with hearings on the new Sugar Act, but I do not feel we should take a course of action at this time which is bound to result in some negative reactions in Latin America.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Will the Senator yield me 1 more minute?

Mr. DIRKSEN. I yield 1 more minute to the Senator from Oregon.

Mr. MORSE. I do not think we should take a course of action at this time which is bound to result in some negative reactions in Latin America, when what we are trying to do is to work out a foreign aid program with those countries.

Let us be frank. In a sense, if we maintain the price for those to whom we assign the Cuban quota, by not assigning them a quota at this time, we are participating in a form of foreign aid. I wonder if we would not get a better return from that kind of foreign aid, rather than to first arouse some irritations and antagonisms and then seek to supplement by entering into other foreign aid programs.

Because there is much merit in the Senator's argument, I reluctantly shall vote against the Douglas proposal.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

The senior Senator from Illinois has 37 minutes remaining.

Mr. DOUGLAS. Mr. President, the facts are relatively simple. We formerly paid to Cuban producers and owners a subsidy of around 2½ cents a pound, about \$60 a ton, for 3 million tons, or about \$180 million a year. I think we did this in part because of the Spanish-American War, because of the fact that we had intervened twice under the Platt amendment, and were anxious to treat Cuba as well as we could.

When we were compelled to break relations with Castro and to shut off the importation of Cuban sugar, we created a problem as to who should get the big bonus which had previously been going to the producers and owners of Cuban sugar.

As we all know, the domestic producers of beet sugar would like to receive an allotment of approximately a million additional tons of high-cost sugar.

The State Department proposed to re-allocate the 3 million tons to other countries, primarily to the Philippines, Mexico, the Dominican Republic, Peru and certain other countries. Since then they have eliminated—I think wisely—the Dominican Republic.

The Senator from Louisiana [Mr. LONG] put his finger on one of the special features of this proposal this morning when he pointed out that the 3 million tons, in all probability, were already in storage from past crops which had been purchased at world prices of about 3 cents a pound, and that with passage of the House bill the owners of the sugar would get more than 5 cents a pound, an increase of two and a third cents per pound, \$46 a ton for 3 million tons, or \$138 million.

The permanent officials in the State Department can talk all they wish to about wanting to help the people of Latin America. The proposal which is before us is not a proposal to help the people of Latin America, it is a proposal to help the speculators in sugar and to help the large plantation interests which stand to benefit. It is foreign aid for millionaires, pure and simple.

The proposal which the Senate committee adopted unanimously and which the State Department is now trying to reverse is that the two and a third cents per pound, \$46 per ton, or \$138 million should go into the Treasury of the United States. It can then be used to help finance a genuine program of real foreign aid to Latin America, not for a small group of sugar speculators but for the people of Latin America, so that the aid program will really get to the people and not be confined to a wealthy few.

Furthermore, I wish to point out that the longer we continue this system the deeper the difficulties are in which we become involved.

The bill seeks to extend the act for 15 months. Do Senators expect that the big sugar producers and owners in Mexico, in the Philippines, in Peru and in other countries are going to let go when the 15 months have gone by? Those producers will try to hold on to what they have, because they will be netting \$150 million or more a year so long as it is continued. They will buy sugar at the world prices and sell to us at the American prices.

Incidentally, it is going to be very difficult for us to give back to Cuba the quota of 3 million tons if and when Cuba once again becomes a democratic country friendly to the United States.

I do not pretend to be an expert on foreign policy. I can only say that the gentlemen in question in the State Department are in fact carryovers from the previous administration, permanent officials, and they have an entirely wrong idea of the way to build friendship. Their belief is that if we help the wealthy we help the people. I thought we had turned over a new leaf in that respect.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. LONG of Louisiana. The Senator knows, does he not, why the majority of the committee voted against letting all the Western States get quotas? Once those States got quotas, it would be difficult to take the quotas away from them.

Mr. DOUGLAS. The Senator is correct.

Mr. LONG of Louisiana. Let us consider the problem with respect to Mexico. Mexico has been getting a bonus of about \$1 million a year as a premium price for selling sugar to the United States. Now, with the shift of the Cuban quota, Mexico will get a premium of \$11 million. When we seek to take away the \$11 million, in the event Cuba becomes friendly with the United States in the future, the same logic which causes us to keep the Western States out should cause us to consider the matter carefully before we assign the Cuban sugar to Mexico. If we try to take away \$11 million from Mexico we are going to have a hard time taking it away.

I would be the first to say it is not the people who are getting the benefits, but certain businesses which are getting the benefit.

But other countries will have their Ambassadors here fighting for a quota, just as other countries are getting one. By the time they get through with their efforts, we will find it difficult to take the quota away from a country once we assign it to one at a premium price. They would take the attitude that we were being unfriendly and that they were entitled to the quota and everything under the sun. If we are not to give the quota to them, we had better think about it before assigning quotas.

Mr. DOUGLAS. I quite agree with the Senator from Louisiana, who has stated the point better than I. In addition, curiously enough, we would give to all countries the vested interest of maintaining Castro in power, so that Cuba would not get its quota back, and so that other countries could obtain the Cuban quota.

I am glad to yield 20 minutes to the junior Senator from Arkansas [Mr. FULBRIGHT], chairman of the Committee on Foreign Relations, who I believe knows more about Latin America than do some of the permanent officials in the State Department.

Mr. FULBRIGHT. Mr. President, I appreciate that compliment of the Senator from Illinois, though I think it is quite undeserved. But there are some facts in this case that I wish to present to the Senate.

Mr. BIBLE. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. FULBRIGHT. I yield to the Senator from Nevada [Mr. BIBLE] for the purpose of a quorum call.

Mr. BIBLE. Mr. President, I suggest the absence of a quorum.

Mr. DOUGLAS. May I ask the Senator from Nevada that he request that the time required for the quorum call not be charged to either side?

Mr. BIBLE. I would be happy to do so, but the Senate is operating against

a time limitation of 4 o'clock. I am making the suggestion in order to alert Senators, and I do not believe the call will require more than 30 seconds.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I realize that the distinguished Senator from Illinois and others have presented most of the arguments, but I wish to have a few of the facts very clearly in mind.

Mr. President, when newspapers and commentators condemn agricultural subsidies and controls, they seldom mention the Sugar Act. Yet, the combination of quotas on imports, Government payments to growers, excise taxes, tariffs, and quota premiums cost the American taxpayer and consumer in the neighborhood of \$600 to \$700 million a year.

This huge figure is the cost to protect a domestic sugar industry which provides employment for only about 300,000 workers, a substantial number of whom are seasonally employed on the farm. Investments in the industry total \$1,650 million, of which \$750 million represents the farm investment utilized for sugar crops, and the remainder, investment in sugar factories and refineries. See page 7, "Special Study on Sugar," House Committee on Agriculture, February 14, 1961.

The annual cost of the sugar program, to taxpayers and consumers, is almost equal to the entire investment in sugar farming and is 36.36 percent of the total investment in the sugar industry. That is the annual cost of the subsidy.

While not precisely comparable, we can contrast this \$600 to \$700 million cost of the Sugar Act with the realized losses of the Commodity Credit Corporation for price support programs in fiscal 1960 for all so-called basic commodities. These realized losses in fiscal 1960 for corn, cotton—including the export differential—peanuts, rice, tobacco, and wheat, amounted to \$545 million. For all price support programs, the realized losses were \$795.5 million, so that sugar alone approximates all the basic crops in cost to the Treasury.

In order to emphasize the comparative treatment of sugar producers with other farmers, testimony in the hearings indicated that acreage devoted to sugar production had been allowed to increase from about 850,000 acres to 1,100,000 acres in 5 years. It would be interesting to know if any other commodity has had an increase in acreage in this period. In fact, most of them have been forced to decrease. While we spent \$341 million in soil bank rental payments in calendar 1960, to retire farmlands from production, we were allowing increases in acreage to the most heavily subsidized of all commodities.

The "Special Study on Sugar," page 10, indicates the amount of the subsidy in a different way:

If the 1959 return per unit to domestic growers were to be maintained while at the same time prices were to move toward the world level, a direct payment of about 3½ cents on each pound produced in the United States would be required in the absence of other protective devices.

The direct payment is now seven-tenths cent per pound, or about \$70 million a year to domestic producers. I emphasize that that is only the direct payment.

Because of the decision to cut off imports of Cuban sugar last year, some domestic beet sugar producers and foreign countries are clamoring for an increase in their quotas. The domestic producers are anxious to strike while the iron is hot to obtain a greater share of a market which permits them to sell at prices which include about a 25-percent subsidy on sugar bought by the housewife, and about a 30- to 35-percent subsidy on sugar bought at wholesale.

Foreign producers are also anxious to fill the former Cuban quota at a "quota premium" which in November 1960, amounted to 2.37 cents per pound, or about 70 percent of the world market price, plus freight.

In spite of the Cuban situation, there are ample supplies of sugar on the world markets. The carryover at the end of 1958-59 was more than 4.7 million tons, and according to the "Special Study on Sugar" prepared for the House Committee on Agriculture:

Indications are that total world stocks increased during the 1959-60 season * * *. The large 1960-61 world sugar production now forecast will result in a further accumulation of world stocks even though consumption will increase.

Also, according to the same report:

It seems clear that from a supply viewpoint the U.S. economy could reasonably expect to fulfill its sugar requirements at significantly lower prices than have prevailed in the recent past.

In short, there is ample sugar available at prices considerably below those we need pay under the Sugar Act. There is even less necessity to buy more sugar from domestic producers at vastly higher prices.

The usual justification for the Sugar Act—if there is one—and the one that is emphasized, is that our national security requires the act; that is, there is danger of a short supply. This circumstance has occurred in wartime only in the last 50 years. There is no present danger of any short supply in the world.

For example, India, with which we have agreements providing for large quantities of agricultural commodities under Public Law 480, has a surplus of 960,000 tons of sugar. India has no preferential markets, and parts of the Russian and Chinese purchases of Cuban sugar are said to be finding their way into what would otherwise be India's market. This sugar could be provided to the United States as return cargoes in ships carrying our surplus agricultural commodities to that country. Twenty million Indians are said to be dependent on sugar production. That country is desperate for foreign exchange and her development activities are a subject of great interest to us for many reasons.

It is important to maintain, unimpaired by future commitments or the establishment of vested interests in it, the so-called Cuban quota.

When and if that unhappy country removes the shackles of Castro, it will be desperately in need of export markets. It will be to our interests, as well as to Cuba's, to resume a trade with Cuba which before Castro was an important market for the United States, particularly for its agricultural commodities.

In 1958 our exports to Cuba amounted to over half a billion dollars, and our imports from Cuba were slightly less. Cuba was dependent upon us to the extent of almost 70 percent of her exports.

Sugar, in 1958, accounted for 83 percent of Cuba's exports, virtually determining the extent of her export trade and, to a great extent, her economic well-being. In 1957, for example, exports accounted for over 30 percent of Cuba's gross national product.

In 1957, 1958, and 1959, Cuba ranked seventh or eighth in order of importance as a market for U.S. exports.

In these years, she imported from the United States between \$36 and \$40 million worth of rice, \$7 to \$10 million worth of wheat, \$6 to \$9 million worth of wheat flour. In textile fibers and manufactured textiles, she imported between \$40 and \$50 million worth of these products. She imported from \$20 to \$25 million worth of lard.

She was a very important purchaser of U.S. machinery, importing in 1957, \$126 million worth. In the same year, she imported \$62.9 million worth of vehicles, \$56.8 million worth of metals and manufactures, \$53 million worth of mechanical and related products.

These are all U.S. exports to a market that is, for the most part, now lost to us.

More important, of course, in terms of our national security is the friendship of the Cuban people and their economic well-being. It is for these reasons that it is of great importance to the United States that the so-called Cuban quota remain as free as possible from the danger of domestic and foreign producers acquiring permanent interests in it.

The Finance Committee accepted an amendment introduced by the Senator from Illinois for himself and me, which gives the United States the right to buy the Cuban quota under such arrangements as the President deems proper but which would provide that the "quota premium" of approximately 2.3 cents per pound be paid into the Treasury of the United States instead of to the foreign producers. It is estimated that this would net the U.S. Treasury approximately \$140 million a year, on the basis of imports of 3 million tons.

As I have indicated, there are ample sugar supplies on the world market.

There is precedent for this arrangement. An order issued in September 1960 for the importation of sugar from the Dominican Republic, as its share of purchases made to replace Cuban sugar, included a special provision for a fee of 2 cents a pound, the differential between the U.S. price and the world price.

The object was to insure that Dominican producers did not benefit from the higher U.S. price, but sold to the United States at the world price. This 2-cent fee is collected from the U.S. importer by the Department of Agriculture at the time the certification for the import is issued. The U.S. importer was thus rendered unable, or unwilling, to pay the Dominican exporter more than the world price.

The effect of this fee was to transfer the differential between the world price and the U.S. price from the Dominican sugar producers to the U.S. Treasury. The Dominican entitlement of purchases to replace Cuban sugar amounted to 322,000 tons. Two cents a pound times 322,000 tons equals \$12,880,000.

I think the quota premium is wholly unjustified. According to the Senator from New Mexico [Mr. Anderson], who was Secretary of Agriculture at the time of the 1948 Sugar Act, the quota premium arose out of special circumstances following the war and the reasons were applicable to Cuba who supplied practically all our imports of sugar at that time. There appears to have been no good reason why the quota premium should have been extended to other countries who later began to supply some sugar to the U.S. market.

In my own opinion, in addition to our experience during the war, when Cuba supplied our needs, there is the further sentimental attachment to Cuba growing out of the Spanish-American War and a feeling of responsibility for that community, which does not apply to any of the other countries which are now clamoring for the same special treatment that we gave Cuba.

When witnesses for the Department of State were interrogated at the Finance Committee hearings on the Douglas proposal, they objected largely on the grounds that it would result in paying different prices for sugar within different countries and between different countries. This does not seem particularly convincing to me. The countries having quotas at the premium price do so for historical reasons. There is no good reason why, because of the Cuban situation, they should profit. Furthermore, it seems to me that it is not at all in accord with our hopes for the Cuban future that these countries acquire a premium interest in Castro's remaining in control of Cuba. This is the result of their continuing ability to sell sugar to the United States at premium prices. It occurs to me there will be much less concern about bringing about the change in the Cuban Government as long as this situation continues. As I have indicated, they acquire by this means a vested interest in Castro's continued control of Cuba.

It is true that one of the results of the amendment will be that some poor underdeveloped countries will receive fewer dollars than they would if the United States bought their sugar at the quota premium. It is not at all clear however, that the quota premium goes entirely to those countries. Some of it may go to the importer, or speculator, depending upon how much he paid for

the sugar. Some of it may go to third parties who have purchased the sugar at world market prices. Some of it may go to absentee landlords who own sugar plantations. From my general knowledge of the sugar industry in producing countries, I think it is highly doubtful that much of it trickles down to the sugar workers.

Since I have been a Senator I have had a reputation of favoring foreign aid. But I am not in favor of unplanned, trickle-down, give-away foreign-aid programs, which this would be.

As the President indicated in his foreign-aid message, it is essential that foreign-aid programs be put on the basis of long-term planning and financing, the only way to make meaningful and economical commitments.

As he also said, we should give special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

Foreign aid in the guise of premiums for sugar production is not conducive to this result; nor relevant to the principles enunciated by the President with regard to our foreign aid program in Latin America.

One of the essential reforms, particularly necessary in South America, and probably in almost all sugar-producing countries, is land reform. If any activity inhibits this highly essential development, it is sugar production. To encourage the continuation of expansion of sugar production on its present basis would not be consistent with the long-term objectives of the President's Latin American program.

Yet, if we continue to provide premium prices for the purchase of sugar, especially at a time when it is in oversupply, we provide incentives to the maintenance of this very system.

I do not contend that the amendment solves all these problems about which I have spoken. However, it is a step in the right direction and eliminates some of the incentives and some of the dangers of vested interests in continuation of the present situation.

The whole Sugar Act needs to be re-examined afresh. The systems built into it of disguised subsidies to domestic and foreign sources, of controls and artificial incentives, ought to be torn down and replaced by a more rational system.

For example, I am not at all certain that sugar need be given such special extraordinary protection as the act provides. I should like to examine the possibility of treating domestic sugar production in the same general way as other farm commodities are treated. Certainly, I see no reason why such uneconomic production must, for the very reason that it is uneconomic, be allowed to expand while other farmers are being required to cut back.

I hope the House Agriculture Committee and the Senate Finance Committee will carefully consider all these questions and I also sincerely hope that the State Department will reexamine the effect of

our sugar legislation on the economies of sugar-producing countries throughout the world.

As has been announced, the Committee on Finance voted for the amendment unanimously.

I have received a letter from the Acting Secretary of State in opposition to the amendment, which I ask unanimous consent to insert in the *RECORD* at this point.

I find this letter quite unimpressive in its arguments against the amendment, for reasons which I have stated previously. The arguments are directed entirely at the short-term and wholly ignore the long-term consequences of the sugar-producing countries acquiring a vested interest in the Cuban quota.

The letter states that these countries would regard such action as inconsistent with the Alliance for Progress recently proposed by the President.

On the contrary, I think that if these countries take seriously the obligations which they would be required to undertake under the Alliance for Progress, they would not find the amendment inconsistent. They would agree that their obligations to undertake internal reforms is inconsistent with subsidies and incentives to increase sugar production.

The letter also argues that the non-quota countries will find it difficult to understand why they receive a price lower than others, including domestic producers. I believe this can be explained. There is no good reason, in my opinion, why these countries should profit by virtue of the tragic Cuban situation. And it is neither to their interests, nor ours, that this be continued any longer than necessary.

This amendment does not hurt anyone. No one is worse off because he doesn't get something he only hoped to get, and had no right to.

As to the foreign exchange which, it is claimed, the sugar-producing countries receive under the quota premium, it would be interesting really to find out how much actually goes into these countries. How much, for example, would go to the big operators and speculators who keep their profits in Swiss bank accounts or in New York banks, for that matter, where gold and dollar earnings are often held?

I greatly doubt that much of the quota premium ever reaches the country where the sugar originates. The chronic shortage of capital in the sugar-producing countries would indicate this is to be the case.

I ask unanimous consent to have printed in the *RECORD* at this point a copy of the letter I received from the Acting Secretary of State.

There being no objection, the letter was ordered to be printed in the *RECORD*, as follows:

MARCH 29, 1961.

The Honorable J. W. FULBRIGHT,
U.S. Senate.

DEAR SENATOR FULBRIGHT: A legislative requirement that the United States pay the world, rather than the higher United States, price for sugar acquired under a reallocation of the Cuban quota would, in my opinion, be harmful to the national interest.

A large part of the sugar needed to replace Cuban supplies would be purchased in Latin America. I am confident that non-quota countries in Latin America which are in need of foreign exchange to finance their economic and social development would find it difficult to understand why they receive a price substantially inferior to the price received by the domestic industry, formerly received by Cuba and currently received by other countries which have basic quotas under the Sugar Act. These countries would regard such action as inconsistent with the Alliance for Progress recently proposed by the President.

I hope that this change in the long-term sugar policy will not be made at this time, but considered when the Congress takes up long-range revisions of the Sugar Act.

With my warmest regards,
Sincerely,

Acting Secretary.

Mr. FULBRIGHT. Senators might ask why I take this position with regard to the State Department. I believe it can be explained briefly in this way. The amendment was voted on in committee only yesterday, although we have had the executive action last year with respect to the Dominican Republic, which did the same thing and resulted in \$12 million-plus being paid into the Treasury. If the amendment is adopted, it will develop about \$140 million for the Treasury. I believe the State Department did not have adequate time to consider the full implications of the amendment. We all know that not only bureaucrats but also Senators are inclined to follow the approved practice. It is easier to follow a practice which will avoid complaints from the prospective beneficiaries in connection with the distribution of the quota. In the letter, the State Department does not make any valid substantive argument against the merits of the amendment. I believe the committee had before it the arguments of the Senator from Illinois and the background of the sugar issue as it has developed from year to year. I believe this is a superficial judgment on the part of the Secretary of State on the merits of the amendment. I hope the Senate will adopt the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MORSE. I wish to ask some questions of the Senator from Arkansas or the Senator from Illinois, because I have been greatly impressed by what they have said this afternoon, as I have also been impressed by the statement of the Senator from Idaho [Mr. CHURCH].

As I understand, the quantity of sugar involved, so far as the application of the amendment is concerned, is sugar which is already in storage and is owned, for the most part, by sugar speculators or sugar houses who have bought it up, and is not really owned by the original producers. Is that correct?

Mr. FULBRIGHT. It is estimated that there is a carryover of 4½ million tons of sugar, and that there are 10 million tons available as of this year, above normal requirements.

Mr. MORSE. So that, contemplating consideration of a new sugar act within 15 months, we are actually dealing now

not with a quantity of sugar in futuro, but sugar now in storage. Is that correct?

Mr. FULBRIGHT. That is correct.

Mr. MORSE. Then I will engage in a luxury in which a politician is not supposed to engage, namely, the luxury of changing his mind when convincing arguments have been submitted against his position. On the basis of the argument I have heard this afternoon, I shall vote in favor of the Douglas amendment.

Mr. FULBRIGHT. I am happy indeed to have the support of the Senator from Oregon.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARROLL. I have been impressed with the statement by the able Senator from Arkansas. Some of us voted against the Sugar Act which we passed last year because we felt it did not give the President enough flexible authority. It is my understanding that under the act we passed last year the President has authority to determine whether or not a premium price or, a world price will be paid to foreign countries on the reallocated Cuban quota. Furthermore it is my understanding that insofar as the Dominican Republic was concerned the President fixed the price at world price level.

Mr. FULBRIGHT. That is correct.

Mr. CARROLL. The other quotas which were allocated were based on the premium price.

Mr. FULBRIGHT. That is correct.

Mr. CARROLL. Is there anything in the bill which would prevent the present President, if he sought to do so, to use this amendment to obtain the same flexibility that he had when he fixed the price to the Dominican Republic at the world price level?

Mr. FULBRIGHT. I do not believe it imposes upon him any further restrictions, other than the amendment of the Senator from Illinois. This merely provides that he shall apply to all those taking a part of the Cuban quota the same principles which apply to the Dominican quota. In other words, it will result in about \$145 million being paid into the Federal Treasury which otherwise might not have been got under the quota.

Mr. CARROLL. If we adopt the Douglas amendment, are we not really setting a policy which tells the President that he shall only pay the world price, not the premium price?

Mr. FULBRIGHT. To those who acquire a share of the Cuban quota; that is correct.

Mr. CARROLL. It would then be different from the bill we passed last year?

Mr. FULBRIGHT. That is correct.

Mr. President, all of us are interested in agriculture—certainly most of us who are here today. I still do not understand, in view of the way this particular industry is treated, compared with all the basic crops—wheat and corn, which interest so many persons, cotton, peanuts, and down the line—I am unable to justify the highly discriminatory action in favor of the sugar industry. I

simply think we ought to ponder that question a little.

We take criticism, in connection with the basic crops, for what is called—I do not say so, but what is referred to in the urban areas as—a wasteful program. Yet the total cost of those programs is only about as much as the sugar program alone costs.

I do not understand why all of us from the agricultural-producing States do not take the trouble to inquire into this and see why sugar should not be placed on the same basis as all other crops comprised in the support program.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I regret to have a difference of opinion with my senior colleague (Mr. ELLENDER) about this matter. However, I have heard it said that if two people in business always agree, one of them is not needed. I was one of several Senators who withheld his vote on the amendment when it came to a vote in the Committee on Finance, because I was somewhat fearful that there was a possibility that the bill would be tied up in conference, and I knew there was a need to extend the Sugar Act. However, it was the unanimous view of those who voted that the amendment should be added to the act.

I believe the amendment contains merit. If it shall be agreed to, and it goes to conference, if I were one of the conferees I would certainly feel that if the President is firmly committed to give the foreign countries the advantages which are in the act which passed the House, and if commitments had been made to those foreign countries, we would be more or less required to accede to the President's position.

On the other hand, if this is simply the judgment of a lesser functionary in the State Department—an Under Secretary of State or someone of that rank—strongly supported by some of the ablest lobbies in Washington, representing countries and producers who wish to have these large increases in quotas, and perhaps some American companies which might profit very greatly from the large increases in quotas to certain countries at premium prices, then I feel the conferees should exercise their own opinions.

This is a 15-month bill. We are talking about \$150 million in premium prices to be paid to people who have \$300 million worth of sugar. In other words, we are talking about buying from these countries \$300 million worth of sugar for \$150 million extra. Much of this sugar has already been produced and is now in the hands of private sugar operators who produce the sugar in those countries. That which has not been produced is already in the ground and will come up this year. It has been planted on the assumption that those people would get 3 cents; instead, they would get about 5 cents. It will mean that in the case of a great number of countries, the sales to this country will be increased tenfold over that which they sold in years gone by at a great profit.

Mr. President, this would not be the kind of foreign aid which would benefit most of the people in those countries. Once again it would be the kind of foreign aid about which I have complained, because it would be an unexpected windfall into the hands of a very small number of people, but would provide no great benefit to the majority of the people.

I would be willing to vote \$500 million for Latin America and an additional \$150 million on top of that, if there were a part of a well-organized plan; but I do not see that it would do any good in this particular fashion.

Mr. MANSFIELD. Mr. President, will the distinguished Senator from Illinois yield me time?

Mr. DOUGLAS. I yield the remaining time to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I am advised by White House representatives that the President regards as most important that there be no sudden break in the established sugar policies, as would be the case if the proposed extension were not to become law by March 31. In other words, the present Sugar Act has until midnight Friday in which to live. If it is not continued by that time, the act will expire automatically.

There is every reason to believe that the extension will not become law by that date unless this amendment is deleted in the Senate.

I realize that what we do in the Senate is our business, and that whatever the House wants to do is its business. However, I think a fact of this nature ought to be brought before the Senate for its consideration.

I do not wish to argue the merits of the amendment offered and accepted in committee by the distinguished Senator from Illinois. There may be much merit in what he suggests, and I suspect that there is, but I would hope that his proposal would be more carefully considered than it has been up to this time, when the entire policy is reviewed later in the spring.

It is my understanding that the chairman of the House Committee on Agriculture, Representative COOLEY, has made a definite commitment that hearings will be held in May on a long-range sugar program. It is my further understanding that the Committee on Finance, under the chairmanship of the distinguished Senator from Virginia [Mr. BYRD], will, as soon thereafter as the House completes its hearings, undertake to hold hearings in the Senate committee. It is my further understanding that one of the subjects to be discussed in both hearings will be the proposal made by the Senator from Illinois which was adopted in the Committee on Finance yesterday.

But I must question the timeliness and abruptness of this amendment, in view of its implications for inter-American relations, and in view of the President's desire to have no sharp break in sugar policy on March 31, a break which will be conducive to chaos and grave difficulties in our relations with many Latin American nations.

Once again, I emphasize my hope that the principle embodied in the Douglas amendment will receive every consideration in the impending general review of sugar policy and in subsequent legislation. But at this time, and in the present circumstances, I most respectfully urge that the Senate drop the amendment from the pending bill.

Not only must we keep in mind the question of the expiration of the present act; not only must we keep in mind the question of damage which may be done to our foreign policy; but we must also consider the adamant position of the House against this proposal.

The fact is that the administration wants to have the act extended at the conclusion of the present act on midnight, Friday, March 31.

We have assurances that hearings in both the House and Senate committees will be held to consider this and other pertinent subjects. Certainly, in view of the definite statement enunciated, I most strongly urge Senators to vote against the Douglas proposal and in favor of the proposal by the distinguished senior Senator from Louisiana.

Mr. PASTORE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. PASTORE. The senior Senator from Rhode Island came to the Chamber determined to vote for the Douglas amendment, because he believes in its merits. But do I correctly understand categorically from the majority leader at this time that it is the desire of the President of the United States that the Douglas amendment not be enacted?

Mr. MANSFIELD. It is the desire of the administration, which I assume includes the President, that the Douglas proposal not be enacted at this time. It is the understanding—I wish to repeat—that in the hearings which will be held in May by the House Committee on Agriculture, and later by the Senate Committee on Finance, this matter and other matters related thereto will be considered.

Mr. ANDERSON. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. ANDERSON. Does the majority leader, in making his recommendation, realize that he is making it completely contrary to the unanimous vote of the Finance Committee?

Mr. MANSFIELD. Yes, I am aware of that fact.

Mr. ANDERSON. On what basis does the Senator do it?

Mr. MANSFIELD. But when there is talk about the unanimous vote of the Finance Committee, I should like to point out that there are 17 members of that committee; 11 were present; 2 abstained; and 9 voted in favor of the Douglas proposal.

Mr. FULBRIGHT. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. With regard to the administration, the Senator from Rhode Island asked whether the President took the position he has mentioned. Let me say that the letter from

Chester Bowles was sent to me. The amendment was adopted yesterday. The letter was not signed by the President. Of course, I cannot speak for what went on in the Department; but we know that last year similar action was taken with regard to the Dominican Republic, and resulted in having about \$12 million go into the Treasury; 2 cents a pound on the quota. In that sense, this action is not a complete break with the past.

I, myself, doubt that the President has been able to give any consideration to this amendment.

Mr. ANDERSON. That is why I wondered about this proposal. The White House did the same thing that the Senator from Illinois suggests. So how does the Senator know that the White House has changed its position or that President Kennedy does not believe in doing the same thing President Eisenhower did?

This testimony by the majority leader is astonishing. President Eisenhower did exactly this in regard to the price paid to the Dominican Republic.

The PRESIDING OFFICER. The hour of 4 o'clock has arrived; and, under the order which has been entered, further debate is not in order.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the time available for debate be extended 1 minute.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DIRKSEN. I wish to correct the RECORD: On the night of September 1, at midnight, I handled the sugar bill on this side of the aisle. This question of a fee never arose, and no such provision was included in the bill. In that connection, it is only necessary to examine the RECORD, from which it will be found that we never discussed that aspect of the matter.

The only question involved at that time was the giving to the President of flexible authority, in the national interest, to bypass the Dominican Republic, to be able to dispose of the excess sugar we lopped off the Cuban quota. And that is the record.

Mr. ANDERSON. Mr. President, let us keep this record a little straight.

The PRESIDING OFFICER. The additional time available for debate has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time available for debate be extended—for the last time, I hope—for 3 additional minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. I yield now to the Senator from New Mexico.

Mr. ANDERSON. Let me say that the Senator from Illinois, the Senator from Louisiana, and other Senators were present when Larry Myers, the head of the sugar branch, said the Dominican Republic sugar was handled in exactly this fashion.

Does the Senator from Illinois agree?

Mr. DOUGLAS. That is correct.

Mr. ANDERSON. So the fact is that we handled the Dominican Republic

sugar by cutting off this premium. Now the Senator proposes it; but no one proposed it in the Finance Committee. It took a long time to take action to remedy what obviously is an injustice to the American people—a loss to the Treasury of \$150 million, for the benefit of the sugar lobby.

Mr. MANSFIELD. Mr. President, I must interrupt. I do not like to be associated with the sugar lobby, because I am not associated with a sugar lobby. I am trying to do the best I can for what I think is the administration's point of view; and if there are sugar lobbyists or if there are sugar speculators, they should be identified, for all to see.

But let me say, in regard to my position and that of other Senators who are associated with me on this particular matter, that we are not associated with any sugar lobby or with any group of speculators; and I want that fact stated for the RECORD.

Mr. ANDERSON. Who made the money from this transaction? Did the Federal Government make it? The Senator from Illinois, the Senator from Louisiana, and all the rest of us know that it did not go to the Dominican Republic. It went into the Treasury of the United States.

Mr. HUMPHREY. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

Mr. HUMPHREY. Let us set the record straight. In the administration there was a division on this proposition. But now that division has been reconciled. I know that, because I was in on the discussions.

The White House wants this committee amendment defeated; and I wish to say that I am sympathetic with the view of the White House in that connection.

The White House wants this committee amendment defeated because we are in a critical situation with our Latin American neighbors, and the foreign policy requirements overcome the Treasury's requirements.

Certainly it is time for us to put the foreign policy requirements ahead of the requirements of the Treasury.

That is not to say that we shall not have an opportunity to review this situation. But there was no official testimony from the administration on this matter. The Department of Agriculture has one point of view, but the State Department has another point of view. However, that division has now been reconciled at the White House. Mr. Kennedy is in charge of the White House; for a change, we have someone who is running the White House. And this is the administration's point of view.

Mr. DIRKSEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. Mr. President, I demand the regular order.

The PRESIDING OFFICER. All time available for debate has expired, and the regular order is demanded.

Mr. FULBRIGHT. Let us proceed to vote.

Mr. DOUGLAS. Mr. President, I rise to a parliamentary inquiry.

Mr. MANSFIELD. Mr. President, I believe we should request the ordering of the yeas and nays on this question.

Mr. DIRKSEN. Yes, Mr. President; and I ask for the yeas and nays.

The PRESIDING OFFICER. On this question, the yeas and nays are requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, will Chair state the pending question?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana to strike out section 4.

Mr. DIRKSEN. As I understand, the motion or the amendment at the desk has been offered by the distinguished Senator from Louisiana [Mr. ELLENDER]; and his amendment would strike the Douglas amendment from the bill.

The PRESIDING OFFICER. That is correct.

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONRONEY (when his name was called). On this vote I have a live pair with the Senator from New Mexico [Mr. CHAVEZ], who is unavoidably absent. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. KERR (when his name was called). On this vote I have a pair with the Senator from Oregon [Mrs. NEUBERGER]. If she were present, she would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from Minnesota [Mr. MCCARTHY] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from Texas [Mr. BLAKLEY] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from New Jersey [Mr. CASE], and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

The result was announced—yeas 55, nays 34, as follows:

[No. 25]

YEAS—55

Aiken	Eastland	Jackson
Allott	Ellender	Jordan
Beall	Engle	Kefauver
Bennett	Ervin	Kuchel
Burdick	Fong	Long, Hawaii
Bush	Gruening	Magnuson
Byrd, W. Va.	Hart	Mansfield
Cannon	Hayden	McClellan
Capehart	Hickenlooper	McGee
Carroll	Hickey	McNamara
Cooper	Hill	Metcalf
Dirksen	Holland	Miller
Dodd	Hruska	Morton
Dworshak	Humphrey	Pastore

Pell
Prouty
Randolph
Robertson
Saltonstall

Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis

Wiley
Williams, N.J.
Young, N. Dak.

NAYS—34

Anderson
Bartlett
Bible
Boggs
Bridges
Byrd, Va.
Carlson
Case, S. Dak.
Church
Clark
Cotton
Curtis

Douglas
Fulbright
Javits
Johnston
Keating
Lausche
Long, Mo.
Long, La.
Morse
Moss
Mundt
Muskie

Proxmire
Russell
Schoeppel
Scott
Symington
Talmadge
Thurmond
Williams, Del.
Yarborough
Young, Ohio

NOT VOTING—11

Blakley
Butler
Case, N.J.
Chavez

Goldwater
Gore
Hartke
Kerr

McCarthy
Monroney
Neuberger

So Mr. ELLENDER's motion to strike was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the motion to strike was agreed to.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the motion of the Senator from Louisiana.

The motion to lay on the table was agreed to.

Mr. ANDERSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

Mr. PASTORE. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. The Senator from New Mexico is recognized.

Mr. ANDERSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

Mr. MANSFIELD. Mr. President, will the Senator yield before he offers his amendment?

Mr. ANDERSON. I yield.

Mr. MANSFIELD. Under the unanimous-consent agreement entered into, it was thought we would finish consideration of the Ellender motion by 4 o'clock. It is now 4:25 p.m. It has been previously agreed that there will be a vote on the Anderson amendment at 5 o'clock. If the Senator desires, I think we should have at least 1 hour on his amendment, the time to be divided equally.

Mr. ANDERSON. I thank the distinguished majority leader, but I shall be very happy to have the schedule of time adhered to, and to vote at 5 o'clock.

Mr. DIRKSEN. Some Senators on this side of the aisle desire time. I ask the Senator from Nebraska whether he would like some time.

Mr. CURTIS. Yes.

Mr. ALLOTT. Mr. President, I should like to have some time.

Mr. DIRKSEN. I hope the Senator will entertain a request that there be 1 hour on the amendment, with the time to be equally divided. We probably will not use all the time.

Mr. President, I ask unanimous consent that on the Anderson amendment the time be limited to 1 hour, under the usual conditions of germaneness of oth-

er amendments and so forth, with the time to be equally divided, one-half the time to be controlled by the mover of the amendment and one-half the time to be controlled by the minority leader.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. (a) The proviso preceding subparagraph (i) of section 408(b)(2) of the Sugar Act of 1948, as amended, is amended to read as follows: "Provided, however, That such quantity shall first be allocated to domestic areas and any part of such allocation that domestic areas are unable to fill shall be apportioned in raw sugar as follows:"

(b) Section 302(b) of the Sugar Act of 1948 is amended by inserting immediately after the first sentence thereof the following: "Whenever the Secretary establishes restrictive proportionate shares for farms pursuant to this section, he shall, insofar as practicable, protect the interests of new and potential producers of sugar beets in states, counties or parts thereof that have no acreage allotments, as well as new growers in old areas, under this Act."

Mr. ANDERSON. Mr. President, the amendment was offered for myself and Senators HAYDEN, CHAVEZ, KERR, YARBOROUGH, BIBLE, BLAKLEY, and CURTIS. Other Senators who have asked to be named as cosponsors are Senators JACKSON, MAGNUSON, RANDOLPH, CANNON, BURDICK, and MONRONEY.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield to the Senator from South Dakota for a question.

Mr. CASE of South Dakota. I raise the question so that the Senator's amendment will not be misinterpreted. The impression might be that the Senator's amendment would extend whatever protection there is for new growers to certain States, including the States of New Mexico, Arizona, and perhaps Texas.

Mr. ANDERSON. That is not a correct interpretation. I have discussed this situation many times with the able Senator from Nebraska [Mr. CURTIS]. The Senator and I discussed it in the committee the other day. It was our desire to see that some areas in some old States and in some new States might be recognized. The language is not restricted to any small group of States.

Mr. CASE of South Dakota. I thank the Senator for his comment. I think it would not be good legislation to say we would do something for only two or three States. It should be general legislation, and whatever States can qualify under the general principle should have an opportunity to do so.

Mr. ANDERSON. I thank my longtime friend from South Dakota. I say to the Senator, there was a story in the newspapers which stated or implied that the amendment I presented would apply to only five States. It would apply to every State. We specifically singled out certain States because we were talking about a sugar mill in an area which

did not have a sugar mill. This amendment has been worked out with Senators who wished to make sure that the quota might be made available to all States.

Mr. ANDERSON. Mr. President, I propose an amendment to H.R. 5463, which would, in effect, first allocate the Cuban sugar quota to domestic areas and which would provide that any part of such allocation the domestic areas are unable to fill shall be apportioned in accordance with section 408(b)(2)(i)(ii)(iii) of the present act.

The intent of the amendment is to make certain that the domestic growers in the continental United States shall be permitted to grow at least a part of the sugar which was formerly supplied by Cuba.

Section (b) of my amendment is intended to assure fair treatment to the beet sugar growers both old and new, in both the old and the new areas, should acreage restrictions be reimposed.

I realize that there are no acreage restrictions in effect now and that domestic growers may plant any amount of sugarcane or sugar beets they desire to plant. Under these circumstances, it is difficult to legislate in regard to distribution of sugar quotas and acreage allotments among domestic growing areas should restrictions be reimposed. The proposal before us would extend the present law over two planting seasons. In view of the Cuban situation, it does not seem likely that, within the time of this extension, quotas would be restored to Cuba, nor is it likely that acreage restrictions would be reimposed on domestic growers.

If it should become necessary to reimpose acreage restrictions, section (b) of my amendment would show some Congressional intent in regard to acreage allotments. I would hope the Secretary of Agriculture would seek some guidance from Congress or in some way make sure that new growers in new and old areas are given the same treatment as old growers and old areas.

This problem received a great deal of attention in the Finance Committee. I realize that it is impossible in a temporary bill to answer all questions anyone might have. This measure was merely an attempt to say that when we reallocate the Cuban acreage, we shall take into consideration the needs of those parts of the United States which have long been seeking additional acreage.

The able Senator from North Dakota [Mr. YOUNG], whose views on agricultural policies have been before the Congress many times, and whose fidelity to the farmers of his section have never been questioned by anyone, because he stands up and fights for them unceasingly, came before the committee and pointed out that the farmers in the Red River Valley could use three times the acreage they now have.

The way the law is now operating, the Cuban sugar quota must be allocated under an allotment to certain nations first, and if there is any allotment remaining after all other areas that are not traditionally sugar producers, in large extent, are taken care of, then an

acre or two might be allotted to the farmers of North Dakota. I do not think that is right.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG of North Dakota. I deeply appreciate the comments of the distinguished Senator from New Mexico, who formerly was Secretary of Agriculture and worked hard and effectively for the farmers of this Nation. I join in support of his amendment. It seems to me that this amendment would provide the only means producers of this Nation could receive recognition. Our producers are entitled to additional acreage. We can and do produce sugar at a reasonable price.

Mr. ANDERSON. A short time ago we were discussing the possibility of substantially increasing the sugar acreage, and some who are connected with the sugar industry pointed out that the Red River Valley, both in Minnesota and in North Dakota, was one of the most likely spots for such production.

There is an area in Kansas which could be—and likely will be very shortly—a very interesting area for the production of sugar. There is an available area in the State of Texas where there is no sugar mill. It is true that anyone can plant sugar cane or sugar beets, but not everyone can sell sugar.

I wish to point out that the way the law is operating is not the way it was originally designed. In large degree, the Sugar Act of 1948 was not designed on the floor of either House of Congress. It was drafted in the Office of the then Secretary of Agriculture, and those who were producing sugar were brought into that Office.

We brought in representatives from Hawaii, the Philippines, and cane and beet sugar producers. We brought representatives from Cuba. We allotted a great portion of all the sugar that would be available to the U.S. market, which then was approximately 8,300,000 tons. It was decided that there were certain fringe areas that might want only a few thousand tons of sugar. Therefore the bill named places for a quota—such as Panama, Costa Rica, and such areas.

When Cuba dropped out of the market, those areas then became the most favored nations. Whether anyone liked it or not, those nations received very large quotas of sugar. It also resulted that longtime friendly nations, such as Brazil, which had had large production of sugar and no possibility of a market, were cut off and told that they could not supply sugar at all. Brazil has about a million tons of sugar surplus. Last year it sold 100,000 of those tons to the United States.

We said to this friendly nation to the south, "Go out and find your own market somewhere outside the United States, while we receive great quantities from Mexico, Peru, and the Dominican Republic."

It is true that the report which was filed on March 14, of this year, by the chairman of the Senate Committee on Agriculture and Forestry shows clearly that the Dominican Republic should

have had a quota of 130,000 tons of sugar, and it sold that quantity under its quota. But it sold 271,000 tons in addition to its quota because of freak provisions of the law.

Such was not the original intent. The original intent was that Cuba should be the great producer. Cuba had been our most substantial supplier of sugar, and when Cuba dropped from the market it so completely disorganized things that we could not apply the machinery of that law to some other plan.

Someone might say, "Why worry now? It will be only a short time before we write permanent legislation on this subject."

We have been trying to write permanent legislation for the past 4 of 5 years, and it has never been written. A joint resolution or a bill is received from the House of Representatives in the last 24 or 48 hours before expiration of the act, as this bill has been presented, and the Senate is told to take it. We are told, "You cannot possibly tinker with the quota system in 48 hours."

As one who tinkered with the quota system and established it in 1948, in large measure, I say that it is not an insurmountable problem.

All that we have tried to say in the bill is that when we get to the problem of distribution of quotas, we shall not overlook domestic areas which have the right and the desire to produce sugar and can produce sugar for the American market.

I see in the Chamber the able Senator from Nevada [Mr. BIBLE]. Nevada has not been a great sugar-producing State because, it is said, the growing areas are so far from a mill that no producer would be interested. Yet farmers in that State are saying to the Senators from Nevada [Mr. BIBLE and Mr. CANNON], "Why do you not give us some markets so that we can grow sugar beets?" Those farmers have good soil. They have rights under the Colorado River project. They must show they have a good crop. They cannot show it at the present time because they have had no opportunity of growing 1 pound of sugar beets.

Mr. BIBLE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. BIBLE. I wish to associate myself with the remarks of the distinguished Senator from New Mexico, and wish to be a cosponsor of his amendment.

The history of sugar beet production in Nevada goes back to 1912, when the Newlands project, the first reclamation project in the entire United States, was located in Churchill County, of which Fallon, the old town, is the county seat. There was a sugar industry there as early as 1912, 1913, and 1914. It ran into some problems and died out.

I am happy to say that in the last 4 years producers managed to secure a small allotment. First, they had an allotment of 500 acres, which was increased to 584 acres. The farmers are delighted with their new crop, which shows great promise in strengthening the agricultural economy of our State. An allotment of 584 acres is certainly a modest, if not a meager, one. Farmers

inform me that it is insufficient as an economic unit inasmuch as they are required to ship the sugar beets some 200 miles. I am told that the least amount that they need is an acreage in the neighborhood of 1,500 acres.

This area is the site of the first reclamation project in the United States. What the Senator from New Mexico has said about our firm allotment of water from the Colorado River is equally relevant. We have a valley which is ideally situated—soilwise, waterwise, and climate-wise—to be a thriving sugarbeet-producing area.

I believe the amendment of the Senator from New Mexico is worthy and worthwhile. I heartily support it. I thank the Senator for directing attention to the need of the State of Nevada.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. HOLLAND. As I read the amendment offered by the distinguished Senator from New Mexico, it seems to provide for new growers who do not have a record of production, and wish to grow beets for sugar production. I wonder why the amendment does not apply equally to those who wish to go into the production of sugarcane? We have thousands of acres in our State whose owners are looking for an opportunity to produce sugar. As the distinguished Senator knows, large investments are now being made in the building of new mills and the like. Why are not the sugarcane producers given equal treatment along with the sugar beet producers?

Mr. ANDERSON. I can only say to the Senator from Florida, in strict honesty, that the reason they were not included in the amendment was that the amendment was hastily drawn, and I overlooked the cane sugar that certain producers wanted to produce.

I modify my amendment in the second line from the bottom by adding the words "and sugarcane" after the word "beets."

What the Senator from Florida has said is absolutely correct. The people in Florida have an ideal place for growing sugarcane. They are fine producers of sugarcane. If I am correctly informed, right now there is a large development going on in Florida. I welcome it. As the Senator from Florida knows, when we had hearings in committee I said that people who produce sugarcane—and this is largely in Louisiana and Florida—have never used their quotas in the last few years. They have not been breaking any regulations. During wartime the people of those States patriotically surrendered their cane crops and planted crops which were considered to be necessary to further the war effort. They would do the same thing tomorrow. I have no doubt about that. They have a fine location for growing sugarcane. They ought to be allowed to grow it. They should not be put in the position where countries outside the United States take away from them a market that ought to be normally the market of the United States. I am happy that the Senator from Florida has

called my attention to this inadvertence, and I am very happy to be able to correct it.

Mr. HOLLAND. I thank the Senator. Mr. CARROLL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. CARROLL. The Senator knows of my interest in the sugar problem, and the interest of my State, which is the second largest sugar beet producing State in the country. Would the Senator's amendment in any way diminish the acreage which is allotted now?

Mr. ANDERSON. No; it would not.

Mr. CARROLL. With respect to old growers, I mean.

Mr. ANDERSON. The old growers would have the same rights as they have now. The amendment would not disturb the growth factor. The amendment merely provides that if we close down on Cuban sugar and deal out Cuba, or if Cuba decides to move out of the market, the first time we start allotting this acreage on a permanent basis we should take into consideration these new areas.

Mr. CARROLL. Does the Senator know of any new areas in Colorado that would be affected?

Mr. ANDERSON. I believe that the entire southeastern corner of Colorado would be affected.

Mr. CARROLL. Would the amendment in any way prevent an enlargement of the allotments which the old growers have in some of these areas?

Mr. ANDERSON. No. I specifically pointed out that this would affect old and new growers. As a matter of fact, I will say to the Senator from Colorado that in the year 1956 there were 837,000 acres of beet sugar in the United States. In this year of 1961, there will be 1,100,000 acres. There has been, in effect, a factor of growth. We want that factor of growth to continue. I would like to see it grow constantly. I only say that along with that there are certain new areas that may need new production.

Mr. CARROLL. Over on the western slope of Colorado our sugar beet growers have a special problem. They need more beet acreage. They have an economic problem involving the Delta processing plant. The plant is not an economic operation because of insufficient beet production. Would the Senator's amendment strengthen the position of the western slope beet farmers?

Mr. ANDERSON. Unquestionably they would be helped, if a new allotment were made. The amendment merely says to the Secretary of Agriculture, "You do not have to go out and hunt for areas in Mexico or in Peru or in Costa Rica, or anywhere else. You can see that sugar can advantageously be produced within the United States."

I believe that to be a wise provision. In other words, when the question comes up with respect to Cuban acreage, that can be taken into consideration. Some years ago an attempt was made to cut down on the Cuban acreage. I said that Cuba had supplied us with sugar during the war years, and during that period had perhaps supplied us more than we had a right to ask it to supply us. I

therefore fought against the attempt to cut down the Cuban allotment. The Senate supported my view and voted against the proposal.

I am not hostile to Cuba. However, when there is a possibility that Cuban sugar will be sold behind the Iron Curtain, or if Cuba should go out of the market, I say the next logical place to turn for the supply of sugar we need is to the farmers of the United States. That is all I want to do.

Mr. CARROLL. Mr. President, if the Senator will yield, I should like to ask unanimous consent to have printed in the RECORD at this point a telegram which I received from Mr. Kenneth Matchell, Secretary of the Western Colorado Beet Growers Association, expressing the concern of Western Colorado farmers over their future unless steps are taken to provide them some help.

Mr. ANDERSON. I do not object.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

GRAND JUNCTION, COLO.,
March 20, 1961.

Senator JOHN CARROLL,
Senate Office Building,
Washington, D.C.:

On matter of investigation of Holly Sugar Co. best purchasing policies at Delta factory understand you intend to evaluate matter soon. We growers accepted lower 1961 contract offered by company, with understanding that plant would close if rejected. Arrangement uneconomic, and can't continue. Growers would welcome any action that could strengthen the sugar beet industry in western Colorado-eastern Utah. Loss of industry would be serious to entire area.

WESTERN COLORADO BEET GROWERS
ASSOCIATION,
KENNETH MATCHELL, Secretary.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. ELLENDER. I am trying to understand what the amendment of the Senator would do. Does it deal with the Cuban quota only?

Mr. ANDERSON. It deals with the Cuban quota only.

Mr. ELLENDER. Does it allocate quotas to new production areas on a permanent basis?

Mr. ANDERSON. No; it does not.

Mr. ELLENDER. Under the law as it now stands, producers may plant as much as they wish.

Mr. ANDERSON. They cannot have any assurance, however, of the market, because they do not know what the procedure will be. The amendment provides that and when the Cuban sugar stays out of the market, the Secretary of Agriculture will try to find ways to take care of the American producers.

Mr. ELLENDER. If we write a long-range sugar program in 4 or 5 months, how will any future quota allocation be affected if nothing is mentioned about permanency of those quotas in the Senator's amendment. The Senator has said his amendment does not provide for quotas on a permanent basis.

Mr. ANDERSON. I say to the able chairman of the Committee on Agriculture and Forestry that if the Committee on Finance of the Senate and the Committee on Agriculture and Forestry

of the House write a new bill incorporating permanent legislation in 4 or 5 months, the provisions of that bill will be applicable, not the provisions of the pending amendment. The amendment merely suggests that if we do not succeed in writing a new bill, but continue to extend the old law round after round, as we have been doing, with all its inadequacies—and I am sure the Senator admits it is inadequate—we will try to take care of the domestic growers.

Mr. ELLENDER. The Senator knows that I said I was sympathetic with the situation in the beet areas, and that in the future some quotas should be allowed these areas on a permanent basis. But I still feel that this action ought to be done when a long-range law is enacted.

Mr. ANDERSON. The Senator from Louisiana is completely correct in that respect. All I say is that this is a declaration of intent which I believe should be taken into consideration. The great defect in the present Sugar Act is that it was written in one kind of world, and that kind of world has changed. If any Senator had said on the floor of the Senate in 1948 that he would vote against the sugar bill because Cuba would be our enemy, under the influence of our most pronounced enemy, he would have been laughed off the floor of the Senate. Cuba was our great friend. Therefore, when the Secretary of Agriculture proposed that Cuba be given preferential treatment, and an opportunity to produce vast crops of sugar and to sell them to the United States, no one objected.

I have tried to point out that one of the reasons why, in 1946 and 1947, I purchased Cuban sugar crops in behalf of the United States Government, was that the total purchases ran to about \$961 million, probably the largest sugar bill in the history of the world. It was no great problem, because we were going to sell back to Cuba considerable supplies of American agricultural products.

Mr. President, we are no longer in that kind of world. That world is over. There are people in this country who would like to produce sugar beets, to relieve some of the pressures of the surplus crops, and they feel they should have a new claim on the sugar market. The world has changed. Anyone who would have predicted that the situation we knew years ago would disappear would not have been taken seriously. It has disappeared. The world has changed, and the American producers of sugar want to move into the market. I have no criticism of the cane sugar producers of this country. I pointed out that they did their patriotic duty in reducing cane sugar acreage and planting crops that were regarded as war crops during the last war.

I have no quarrel with the beet sugar producers of this country. They have come through in magnificent fashion. We have a fine beet sugar industry in this country, and I shall do all I can to protect it. I dislike to see the Cuban quota begin to go to other countries which, in subsequent years, will say, "We now have a right to your market, because we have been growing sugar for you, year after year, and you never gave

us notice that you intended to change the quotas."

My amendment will give notice that some day we will act to allot some of the beet sugar crop to the producers of the United States. That is all I intended by my amendment.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from Nebraska.

Mr. CURTIS. Mr. President, I favor the Anderson amendment, but I wish to make it abundantly clear that I believe we must extend the Sugar Act, and not let it expire. To do otherwise would be to invite chaos in many respects, and I need not elaborate on that point.

Also, Congress should soon write a long-range Sugar Act, one having a duration of 5, 6, or 10 years; one upon which businessmen, farmers, consumers, processors, and our foreign friends can rely.

I favor the Anderson amendment because it is based on the principle of a greater domestic production of our sugar needs. When we consider all the agricultural problems in our country today, we cannot defend the position of buying 45 percent of our sugar from foreign countries.

In that connection, I wish to say something about the alleged subsidy. There never was a more misunderstood topic than the alleged subsidy on sugar. The users of sugar paid the total cost. Regardless of where the product is produced, the users buy it at a fair and reasonable price. As a matter of fact, we have the testimony of Mr. Myers, of the Department of Agriculture, that by reason of the operation of the Sugar Act, the Treasury gains in general revenues about \$20 million each and every year. When we think of a subsidy—and we can write any kind of definition we wish—usually it is when the consumer does not pay the full price. For example, if an article costs \$1.50, and the Government pays 50 cents while the consumer pays \$1, the 50 cents is clearly a subsidy. But in this instance, the consumers pay the full cost of the program. They buy sugar at a fair price, and the Treasury gains about \$20 million every year.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a colloquy which took place between the junior Senator from Nebraska and Mr. Myers, of the Department of Agriculture, which appears at pages 64 and 65 of the hearings.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

Senator CURTIS. Now, I do not want to drag along in something too academic, but coming back to what is a world price, I believe I understood you to say to Senator BENNETT that only about 12 percent of the sugar moved in the world price.

Mr. MYERS. That is correct.

Senator CURTIS. So, in other words, 88 percent of the sugar moves in a sugar program of some sort or another?

Mr. MYERS. Under some form of protection.

Senator CURTIS. Yes.

Now, does that follow that the consumers of the 88 percent of that sugar obtained more than they should pay?

Mr. MYERS. No; I do not personally attach morals to prices. It is two different categories.

They are paid above the world price. I do know what the world price would be if we did away with all forms of protection. We would obviously shift production about tremendously in the world.

Senator CURTIS. What is a subsidized price? First let me ask you this: In general, do the consumers of sugar and, of course, in proportion to the amount of sugar they use, pay the cost of our sugar program and the cost of the sugar, with all the related costs in connection therewith?

Mr. MYERS. I think that inevitably is so; yes.

Senator CURTIS. Now, we get into a question of definition and semantics, do we not, when we talk about a subsidized price?

Mr. MYERS. Absolutely, and there will be as many definitions as you will have people defining the term.

Senator CURTIS. Yes. If we take a definition of a subsidized price, if it really costs a dollar and a half an article, and the Treasury pays 50 cents of it and sells it to the consumer for \$1, that would be very clearly a subsidized price, would it not?

Mr. MYERS. Yes; I think every dictionary would agree that would be a subsidy.

Senator CURTIS. But definitely the operation of the Sugar Act is not that kind of subsidy, is it?

Mr. MYERS. No. There is a question, of course, when you get into the Sugar Act payments whether they would be defined as a subsidy under all definitions of the terms.

Frankly, I think this whole discussion of the semantics of subsidy a rather futile one because I see no difference in one technique versus another.

Why is it any different, you have a protective tariff that gives you a half percent than to have a tax and a payment that gives you a half cent? It is both a half cent. I do not see any difference.

Senator CURTIS. I understand that. But the point I am getting at is that the general Federal Treasury is not paying any part of the sugar that the housewife buys or the sugar that the manufacturer buys; isn't that correct?

Mr. MYERS. They are not getting into the problem today whereas we did during the war, and as many foreign countries do, of buying the sugar and selling it to their consumers, either at a higher price or at a lower price; that is correct.

Senator CURTIS. Yes; and in the main, has the Sugar Act been self-sustaining so far as general revenues of the Treasury are concerned?

Mr. MYERS. It has been decidedly better than self-sustaining.

Senator CURTIS. What do you mean by that?

Mr. MYERS. The tax, the processing tax, which the Sugar Act establishes is for one-half cent per pound or 10 cents per ton on the total quantities that we consume in this country, which is roughly \$90 million a year and Sugar Act payments amount to something in the neighborhood of \$70 million a year, so there is a gain there in the Treasury of about \$20 million a year.

Senator CURTIS. It has been through the years—

Mr. MYERS. It has been through the years from \$15 million to \$20 million a year.

Senator CURTIS. Yes. So laying aside what has been accomplished or has not been accomplished insofar as order within the sugar industry is concerned, the fact remains that our General Treasury is about \$20 million better off by reason of the act.

Mr. MYERS. Each year.

Senator CURTIS. Each year?

Mr. MYERS. Correct.

Senator CURTIS. And there are many things that governments do which are designed to

raise prices to a fair level for producers or to raise wages to a fair level for workers that are not in the category of subsidies when we use the definition of paying part of the price out of the General Treasury; isn't that true?

Mr. MYERS. There are a great many that have subsidies, that is correct; yes.

Senator CURTIS. Yes. In other words, this is an act that has the same objective of all farm legislation, is it not?

Mr. MYERS. Yes, indeed.

Senator CURTIS. To raise to a fair price, and I do not think I will take any further time on that question of subsidies because, as we say, we can go on and get as many definitions as the English language could put together. But I am pleased at your statement to make it clear because there is a great misunderstanding in the country on the question.

I think the people who buy and use sugar should be the ones who pay for the sugar, and that is what happens in this program, is it not?

Mr. MYERS. That is correct.

Mr. CURTIS. Mr. President, there are many ways in which, when we write a long-range act, we can increase the domestic production of sugar. There is a growth factor by reason of the increasing population. There is a growth factor by reason of the use of more sugar. There are also deficits from other countries.

Also, we must realize that when the Communist government of Cuba is ousted, Cuba's quota need not be restored, and should not be restored, to the highest peak, because in the years just before the Castro regime Cuba had some abnormal circumstances which added to their share of our market.

Certainly the ratio of 45 percent produced abroad and only 55 percent produced in America cannot be defended at a time when we are paying billions of dollars to support agriculture in this country. I contend that if a foreign country were faced with grave agricultural problems, and a heavy load on the treasury, and it failed to produce all of its own needs, so far as it could, we would not respect that country. Foreign countries will not respect us if we do not go as far as practicable in providing our own sugar needs. The first prerequisite of friendship in the world is not to be Santa Claus; it is to win the respect of the nations with whom we deal.

I shall not take the time to discuss in detail the needs of my own State.

Mr. CARLSON. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. I would prefer to yield a little later.

The State of Nebraska produces about 72,000 or 73,000 acres of sugar beets. We would like to increase that production substantially. We realize, however, that our main objective must be reached through long-range legislation which will provide for a gradual and orderly increase, both for the protection of the farmers and so that the sugar can be handled by the processors.

Many problems are involved, including the problem of transportation, but they are not problems which cannot be solved.

Mr. President, I ask unanimous consent to have printed at this point in

my remarks my statement before the committee as it appears on pages 13 and 14 of the hearings.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR CARL T. CURTIS ON EXTENSION OF THE SUGAR ACT

For several years we have temporized by extending the Sugar Act for short periods of time to meet expiration deadlines. In so doing, we have failed to go to the root of many problems facing the domestic sugar industry.

We are in a period of time in which offshore production is no longer paramount in furnishing sugar needed for domestic consumption. At the same time we must take note of the fact that the domestic capacity can and should be increased to meet our evergrowing consumption of sugar. We know well that increase in sugar consumption is in direct proportion to increase in population.

A year ago I made a survey in Nebraska and determined that many farmers who now produce sugar beets would like to increase their acreage. Also, many counties which have either surface or pump irrigation can well raise sugar beets and should be afforded acreage allotments. Some of these counties have, through appropriate channels, petitioned for an allotment of sugar beet acreage.

It does not seem prudent to me that we should deny domestic producers opportunity to share in this ever-expanding market. We must increase production and refining capacity gradually so that farmers can benefit from this orderly development. It is my understanding that refining capacity in the beet area can now process between 10 and 15 percent more beets than were processed last year. It is my hope that, in Nebraska, we can increase sugar beet acreage by 50 percent over the next 5 or 6 years and increase refining capacity in like manner. Again, there is no supportable reason for relying on offshore production for 50 percent of our domestic requirements. The total farm problem today requires that we make every effort to seek solutions wherever they are afforded. Increase in the production of sugar beets will not, of course, solve the total problem, but it will provide economic benefits for farmers and any acreage planted to sugar beets will surely avoid the growing of any crops which are now in surplus.

Mr. Chairman, in order that your committee might have a picture of the situation as it exists in Nebraska, I want to recite some facts that I found after making a survey of my own. I contacted the most authoritative source in a few counties right around my home area in Nebraska. I give you these figures not representing the total picture for Nebraska, but rather as samples.

I live in south-central Nebraska in the county of Kearney. That county has approximately 80,000 acres of land under irrigation, 45,000 of which is pump irrigation and the balance under the tricounty district. Kearney County had only 1,100 acres of beets last year. This 1,100 acres was divided between 27 growers. My survey indicates that a great number of farmers have asked for an allocation and that the county could handle several hundred more acres of beets.

Buffalo County, which neighbors my county on the north, has 1,800 acres of beets. In this county, also, sugar beets are a very desirable crop. Each year farmers who have never grown sugar beets are asking for an allotment and the present growers want an increase in acreage. Buffalo County has 115,000 acres of irrigated land, most of which is pump irrigation. The need for increased sugar beet acreage is great.

Phelps County is now growing about 810 acres of sugar beets. Beets are well adapted to that area. I have received a report that the county could well use an allotment anywhere from 2,500 to 4,000 acres. Phelps County has 100,000 acres of irrigated land provided by the tricounty and 470 irrigation wells.

Furnas County reports to me that they have only 230 acres of sugar beets; it is a desirable crop and they could well use an allotment of about six times that amount. They have 30,000 acres under irrigation, approximately one-half of which is pump irrigation provided by 290 deep wells.

Franklin County produces no sugar beets at the present time. Reports indicate that it would be a desirable crop. The county has 28,000 acres under irrigation and it would like a sugar beet allotment up to 3,000 acres at the present time.

Webster County is another county without sugar beet acreage allotment. They have about 15,000 acres under irrigation. A great many farmers in Webster County would like to raise sugar beets. More than 20 made application for allotments for 1960, but none was available. The area is suited to the production of sugar beets and they would like to start with an acreage of at least 2,000 acres.

Nuckolls County has shown a great interest in a sugar beet program. The Republican Valley is irrigated from the Bostwick district, and sugar beet acreage is greatly needed to round out their economy. I have received a great deal of supporting material from Nuckolls County.

Last year Hamilton County only had 13 farmers with a sugar beet acreage who grew over 700 acres of beets. Local people report to me that sugar beets are a desirable crop for the county. The county has 123,000 acres under irrigation, all of it being pump irrigation. At least one-third of this irrigated land could be used for the production of beets. Two years ago, 18 farmers asked for sugar beet allotments, but only 13 requests were granted.

In Thayer County there are 34,000 acres under irrigation. Farmers are becoming interested in sugar beet production and some have asked for an allotment but there has been none. There is no sugar beet production in that county. At this time it is estimated they could profitably use an allocation of 800 acres.

Dawson County has approximately 300,000 acres of land under irrigation. This is provided by 2,800 irrigation wells and 70 miles of main canal bringing water from the Platte. Their sugar-beet allocation for 1960 was only 2,200 acres. It was reported to me that more farmers are asking for acreage and that those who have a sugar beet acreage are seeking an increase. Dawson County could well use a sugar beet acreage allotment between 10,000 and 20,000 acres.

Considerable interest exists in Red Willow County for increased sugar beet acreage. The allotment for 1960 was a little over 150 acres. Sugar beets are regarded as a desirable crop for the area. Red Willow County has 21,000 acres under irrigation and at the conclusion of reclamation projects underway in the area they will have an additional 22,000 acres. They could use an increase in sugar beet production up to 2,000 acres instead of the 150 acres they now have.

I have been informed that Adams County produces about 100 acres of sugar beets. This production is carried on by two farmers. An estimate was received that indicated that Adams County could use a sugar beet allocation of 3,000 acres. They have almost 58,000 acres under irrigation, 56,000 of which is from pump irrigation. Farmers are asking for an acreage allotment.

These facts have been gathered from a limited number of counties. There are many more counties in the State where sugar beet acreage is needed and being requested.

At the present time the U.S. annual consumption of sugar is about 9.5 million tons. Only 55 percent of this is produced within the United States, including Hawaii, Puerto Rico, and the Virgin Islands. Many foreign countries who share in our sugar market are seeking an increase. Other foreign countries are lobbying for a sugar quota from the United States.

Nebraska should have more sugar beet acreage. It will add to the income of our farmers and to our economy generally. It will lessen the production of crops of which we have an oversupply. It just does not make sense when we are beset with low farm income and many agricultural problems for this country not to produce a greater portion of our sugar needs. Allocations to domestic producers of sugar should be increased. The foreign allocations should not be increased either in volume or by adding new countries as suppliers.

A long-range Sugar Act providing for an increase in domestic production should be passed by this Congress.

Mr. CURTIS. Mr. President, I now yield to the distinguished Senator from Kansas.

Mr. CARLSON. Mr. President, I associate myself with the remarks of the distinguished Senator from Nebraska. I support the Anderson amendment. The Senate today has the opportunity to cast a vote which will permit domestic growers to receive the benefit of an allocation of sugar. If we pass the bill without the amendment, we shall allocate quotas to countries where full quotas are permanently authorized. Therefore, I think it is important to protect our own interests, and not to permit countries which get quotas to think they are getting permanent quotas.

Mr. CURTIS. The Senator from Kansas has touched on an important point. That is, as the foreign suppliers of sugar share in our market this year, and they continue to share next year and the year after, in spite of anything in the law, they will insist that they have a vested right in our market. That is why a disservice will be done if we are unable to pass a long-range Sugar Act at least by next year.

Twice in 1960 we had short-term bills, but the Senate did not have a chance to consider them. I wish to read a paragraph of a statement by Mr. Myers, of the Department of Agriculture, about the danger of a claimed vested interest by foreign countries in this market. I read from page 64 of the hearings:

The fact remains, however, that when price premiums amount to as much as \$150 million a year, vested interests are claimed automatically. All the arguments in the book will be put forth by producers desiring to sell at such premium prices. Regardless of the wishes of either Congress or of the administrative agencies, the vested interest arguments of new suppliers will become stronger as the period of time they supply our market increases.

Mr. President, that was a quotation from a speech which Mr. Myers made before the Sugar Club in New York. I asked him if it was correct, and he said:

That is correct.

I asked him if he was speaking of the foreign suppliers, and he answered:

That is correct.

Mr. President, this measure without the Anderson amendment contains no

notice that there is any intent on the part of Congress to increase the domestic production of sugar. I do not know how long it will be until Congress can pass a permanent law. It may be that the Anderson amendment will become academic in a matter of a few months. I hope we can reach it then.

I hope we can write such a program. But if we cannot, at least we should provide that our domestic producers shall have a right to increase the domestic production to the extent of the former Cuban quota, now canceled, or to the extent of that deficit, if the domestic producers can do so, before additional sugar is obtained from other countries.

The language under consideration would empower the Secretary to extend to additional U.S. farmers the right to grow sugarcane and sugar beets; but in that provision we find the words "where practicable"—because we know that problems are involved. We know the pending amendment is offered to a measure which, if enacted, will expire within a few months. Nevertheless, a most important principle is involved; namely, whether the Congress agrees that the United States should continue to import 45 percent of its sugar requirements from foreign countries, not counting our off-shore possessions and islands; or whether the Congress agrees that more U.S. farmers shall be allowed to share in supplying sugar for our domestic market, under a program that has worked successfully and has brought profits to the Treasury—a program by means of which the consumers of the food pay a fair price, but no more, for it.

To fail to do this would be but to add encouragement to all the nations which are seeking to sell sugar to us and which will sell sugar to us; it would encourage them to believe that we are giving them something of permanent value.

Mr. President, I urge adoption of the Anderson amendment.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Nebraska yield, so that I may place a statement in the RECORD?

Mr. CURTIS. I yield for that purpose.

Mr. YOUNG of North Dakota. Mr. President, I ask unanimous consent to have printed at this point in the RECORD my statement and a colloquy in connection therewith which appear on pages 5 through 13, inclusive, of the hearings.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. MILTON R. YOUNG, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator YOUNG. Thank you, Mr. Chairman, and members of the committee.

I appreciate appearing before this committee, and especially taking me out of order.

Mr. Chairman, in order to conserve time, I will ask that a telegram from the Red River Valley Beet Producers Association be placed in the record, as well as letters from Mr. E. N. Dornacker, president of the North Dakota Tri-County Sugar Beet Association and Mr. C. J. Campbell, secretary of the Minnesota-Dakota Sugar Beet Development Association.

(The telegram and letters referred to follow:)

GRAND FORKS, N. DAK.,
March 23, 1961.

Senator MILTON YOUNG,
New Senate Office Building,
Washington, D.C.:

Red River Valley Beet Growers Association of North Dakota and Minnesota want 21-month extension of Sugar Act passed as soon as possible. We are opposed to idea that any State or area be given special consideration of any kind. However, if any should be given, we think we are entitled to consideration as we have requests for 180,000 to 190,000 acres from farmers who have land proved to be adopted to growing of sugar beets. Please present this to Finance Committee for their consideration.

R. T. ADAMS,
H. M. TROWBRIDGE.

NORTH DAKOTA TRI-COUNTY
SUGAR BEET ASSOCIATION,
Mayville, N. Dak., March 23, 1961.

SENATE FINANCE COMMITTEE,
Washington, D.C.

GENTLEMEN: In regard to the extension of the Sugar Act it is the feeling of our members that if there is to be any special allotments given to any group or area, under the short-term Sugar Act, we request that equal consideration be given our North Dakota farmers.

The Tri-County Sugar Beet Association is composed of 529 farmers, who would like to grow 58,305 acres of sugar beets. Our farms are located in the heart of the Red River of the north on the North Dakota side. Our farmer members are farming about 400,000 acres of land. If we could get beet acres we would divert 58,000 acres to summer fallow and 58,000 acres to sugar beets each year.

In the case of barley of which North Dakota ranks first in bushels produced, this would reduce our acreage of barley by 116,000 acres. The valley farmer in our area averages 35 to 50 bushels per acre in yield.

As you can see, should our members become beet growers, in our case it would reduce the production of barley by over 4 million bushels each year.

Sincerely yours,

E. N. DORNACKER,
President.

MINNESOTA-DAKOTA SUGAR BEET
DEVELOPMENT ASSOCIATION,
March 24, 1961.

SENATE FINANCE COMMITTEE,
Care of E. W. Rising,
Washington, D.C.

GENTLEMEN: I am secretary of the Minnesota-Dakota Sugar Beet Development Association, which represents eight sugar beet development groups, located in the Red River Valley of Minnesota and North Dakota. These eight groups have a current dues paying membership of 1,501 and have requested 130,819 acres of sugar beets.

Speaking for and on behalf of the membership of the Minnesota-Dakota Sugar Beet Development Association, I request that if any new area is to receive special consideration regarding the growing of sugar beets under the present extension of the Sugar Act, that this area represented by the Minnesota-Dakota Sugar Beet Development Association be given equal consideration.

Yours very truly,

C. J. CAMPBELL,
Secretary.

Senator YOUNG. Mr. Chairman and members of the committee, in this telegram our producers are asking for an additional acreage from 180,000 to 190,000 acres.

If the committee sees fit to make additional acreage available, I respectfully request that the Red River Valley of North Dakota and Minnesota receive its proportionate share of any such increase.

At the present time, over 98 percent of those farmers not having sugar beet allotments have organized sugar beet development associations to promote the production of sugar beets in their respective areas.

The Red River Valley of North Dakota and Minnesota is ideally suited for sugar beet production. It has large farms of fertile, level land, facilitating large-scale mechanized production.

It has adequate natural rainfall to provide the necessary moisture for sugar beets.

The major crops of Red River Valley, other than sugar beets, are primarily crops which are in surplus.

This is an area which, I daresay in the past 5 years, has produced an average wheat crop of 30 bushels to the acre. It is also the principal barley-producing area of the United States, and another crop which is in surplus.

I would like to point this out: In producing sugar beets in this area, land must be summer fallowed, prepared a year before, so when you have a hundred acres of sugar beets, you are actually taking 200 acres out of production of another crop.

Sugar beet production in this area is therefore, most desirable.

At the present time Red River Valley has approximately 1,200 growers of sugar beets, producing 103,500 acres. From the standpoint of availability of suitable land this acreage could be tripled in the next 10 years, and farmers could increase their sugar beet acreage as rapidly as processing facilities are made available.

Mr. Chairman, there is very little time left for reenactment of the Sugar Act before the expiration date.

I would be glad to support a committee recommendation for a simple 21-month extension.

I hope, however, that the time will not be far off when greater sugar allocations can be given to our domestic producers.

I think the Red River Valley Beet Producers Association of North Dakota, and other similar organizations in this area, as well as other areas, have made a good case for increased production.

Senator ANDERSON. Could I make a comment on what Senator YOUNG said?

Senator YOUNG. Yes.

Senator ANDERSON. Senator, you are suggesting, are you not, that the Red River area in your State has 103,000 acres now?

Senator YOUNG. Yes, 103,500 acres.

Senator ANDERSON. And you think that could be tripled?

Senator YOUNG. Yes, many times more than that.

Senator ANDERSON. Do you believe, then, we should freeze it for 21 months to put it through two new seasons so that they could not possibly increase it while it is being increased in Mexico and in Peru, the Dominican Republic? Don't you believe that farmers in North Dakota and Minnesota have some rights, too?

Senator YOUNG. Yes, Senator, I would like to see our domestic producers given a better allocation.

Senator ANDERSON. Good.

Senator YOUNG. If that is not possible, then I would support the 21-month extension. But I think we should start working in this direction.

Senator ANDERSON. I know how carefully and militantly and constantly you have supported the farmers of your State.

Senator YOUNG. Thank you.

Senator ANDERSON. Particularly on Durum wheat, where I did not always agree with you, but you have done a fine job, Senator YOUNG, and I would be the very first one to admit it.

Now, the situation of the very able Senator from Louisiana is a little different. The cane producers are not using all their acre-

age right now or were not the last time I noticed, so 21 months to them does not mean a thing. But it means quite a little to you and to your farmers.

Senator BENNETT. May I ask a question: Do you think between now and Thursday night, considering the rules of the Senate, we can rewrite the Sugar Act and get a bill through the House and take all these very complex problems and solve them? Don't you think we need—is not the real purpose of the extension, regardless of the number of months involved, to give us time to handle this complex problem?

Senator YOUNG. I am not nearly as familiar with the handling of the program as you and other members of this committee are. But I wanted to point out that I do believe that we should work as fast as we can toward giving domestic producers greater allocation, and if it is not possible to do that now, I hope the time would not be far off. I would therefore support an extension of the present act.

Senator ANDERSON. I would just like to remind Senator YOUNG, when we had this matter up in July of 1960, the House committee put in a conference report this language:

"As part of the understanding by the conferees, it was agreed that the conference on the part of the House would undertake to pass a sugar bill and transmit such to the Senate on the earliest possible date after the reconvening of the House in August."

That was August of 1960.

We would not have had a conference report. It was close in the Senate, and we had to wrestle with it until early in the morning. There were only three Senators from the Finance Committee present, Senator LONG of Louisiana, Senator BENNETT, and myself, and the only way we reached agreement was as the result of an absolute ironclad promise that something would be done by August of 1960.

Does the Senator recall anything being done? We get this same thing, I will say to the Senator, every time, 24 hours, 36 hours, at the most, "You have got to do it now. It is too late now to fool with it."

This is exactly what is being said here.

"Do you think you can write a whole new bill in 24 hours?" Every time it is the same story, because the House refuses to upset the situation.

The only way the Senate will ever get any good done for its people is to fool the House on it one time.

Senator CURTIS. Senator Young, you, with your longtime experience on the Committee on Agriculture, are you of the opinion that a substantial increase in domestic sugar production would be a good thing?

Senator YOUNG. Yes. I can think of nothing that would help agriculture more in this country, and it would go a long way toward solving the surplus problem.

As I pointed out in my State in order to grow 1 acre of sugar beets, you summer fallow the land a year before, so the land is idle for a whole year. This means it takes 2 acres for 1 to produce sugar beets.

Senator CURTIS. And you would also agree that to do that would be in the best interests of the total economy of the United States, considering our overall agricultural problems?

Senator YOUNG. Yes. I am alarmed at, sometimes at, the uncertainty of our supply of sugar from foreign countries.

Supposing we had trouble with Latin American and South American countries like we had trouble with Cuba, our supply of sugar would be in a precarious situation.

Senator CURTIS. Well, entirely independent of that from the dollars and cents standpoint, when we consider the low cost of the sugar to consumer over a period of years, as compared with other prices, and when we

consider the burden on the Treasury for our overall agricultural program, to have a just and fair increase of domestic production of sugar would be in the interest of the general economy, do you not believe?

Senator YOUNG. Certainly. I think one of the big problems contributing to our surplus trouble is our imports of agricultural commodities which we can easily produce in this country.

I realize that you have to import in order to export, but I do not think we should be importing commodities which for various reasons, it is better to produce in this country. I certainly think we should be producing a higher percentage of our sugar needs in this country now than we are.

Senator CURTIS. We are importing roughly 45 percent of our sugar consumption, and that is exclusive of what we get from our offshore possessions and territories; is that not true?

Senator YOUNG. Yes; that is right; and sugar is made available to the consumers of the United States at a reasonable price.

Senator CURTIS. Now, my next question does not call for an involvement in what is the best procedure, and conflict with the House, or anything of that sort. I do not want to minimize those problems, but I am not trying to discuss them at this time.

Do you feel that a long-range program of orderly and gradual increase of our domestic production should be undertaken as soon as possible before additional foreign producers feel they have a vested interest in our consumptive market here? Do you believe that?

Senator YOUNG. Yes; I do, and this is the danger: If you give a greater allocation to foreign countries, which you cannot maintain in the future, we are causing ourselves some trouble, and probably some enemies.

Senator CURTIS. Yes. If they are given something temporarily, if that temporary period is extended too long, and then it is changed at a later time, it may be regarded as an unfriendly act.

Senator YOUNG. Yes; that is right.

Senator CURTIS. Yes. I think also that the first step—I see the distinguished chairman of the Foreign Relations Committee here; I do not want to solve all his problems—but I think one of the first things necessary in dealing among nations is that you win the respect of other people, and certainly if there was any other nation in the world that had the agricultural problems that we have involving all of the billions of dollars, the billions it does annually, and that other nation happened to be importing 45 percent of a product that they could produce more of, I am afraid that we would question them a little bit, and we would not quite respect them as much as if they solved their problems a little better.

Senator YOUNG. Well, I have followed this situation quite closely for years, and I do not know of a single foreign country when they find themselves with surplus farm products that do not impose some kind of restrictions on imports, particularly from the United States, and that includes our good neighbor to the North, Canada, as good a neighbor as we have.

Senator CURTIS. Mr. Chairman, I do not wish to take further time, but I ask unanimous consent at the close of Senator Young's statement that I may insert a statement in the RECORD.

(The statement referred to will be found at the end of Senator Young's statement.)

Senator YOUNG. Thank you, Mr. Chairman.

Senator FULBRIGHT. Mr. Chairman, may I ask him a question?

The CHAIRMAN. Senator Fulbright.

Senator FULBRIGHT. The Senator from Nebraska raised the question. As the Senator from North Dakota knows, I am very new on this committee, and I know very little about this subject.

Senator YOUNG. You are far better than a green hand. If I may use the expression?

Senator FULBRIGHT. And he was asking about its effect on our overall economy, and whether this would be a good thing.

Can you tell us how much have the sugar producers received in direct subsidy since the Sugar Act has been in effect?

Senator YOUNG. Are you asking me that question?

Senator FULBRIGHT. Well, yes. You are an expert on this subject, are you not?

Senator YOUNG. I do not have the figures on hand. I suppose it has run into a sizable amount, but there would be no need for any subsidy whatever if American producers were given the same import protection that the producers of other countries are given for their farm commodities.

This is a crop which needs no subsidy whatever if we would just regulate the imports a bit.

Senator FULBRIGHT. You mean you could change the subsidy to a high tariff? If you would put a high enough tariff on it, it would enable you to sell it without a subsidy; is that what you mean?

Senator YOUNG. This is what other countries are doing. When the price of flax or rye in Canada is up, and the price is down in the United States, we can start shipping up there. After a while they impose an embargo on our grains.

Senator FULBRIGHT. Senator, I do not know enough about it to argue with you. I am trying to learn about our own situation here.

Is it a fact that we have paid a large amount of direct subsidy to the producers of beet sugar in this country?

Senator YOUNG. Well, almost every segment of our agriculture is now being subsidized in one form or another. This is so because we permit these imports.

Senator FULBRIGHT. Senator, I am only asking you about sugar. I am familiar with cotton. I know about that. I do not know about sugar because we do not grow any in my State, but do the sugar producers receive a direct subsidy?

Senator YOUNG. That is correct.

Senator FULBRIGHT. Do you know about how much?

Senator YOUNG. No; I do not have the figures.

Senator FULBRIGHT. Is it in the neighborhood of \$1 billion, \$1.5 billion in the last 15, 20 years?

Senator YOUNG. I have not gone into it. I am not a member of this committee that deals with the financial—

Senator FULBRIGHT. Does it run about \$60 million, \$75 million a year?

Senator YOUNG. That is about right.

Senator FULBRIGHT. How does it improve our overall economy, as the Senator from Nebraska says, if this is the kind of crop we have to subsidize to the tune of \$60 million or \$70 million a year?

Senator YOUNG. If we did not have this production here in the United States, and you ran into a world shortage, we would be paying through the nose to the tune of a much higher price, but because we have at least some production in this country, it tends to make us a little bit more independent of foreign imports.

Senator FULBRIGHT. That is not true in coffee, is it? We do not produce any coffee. Do you think on the same basis we ought to start coffee production in this country?

Senator YOUNG. It is not feasible.

Senator FULBRIGHT. Why isn't it? If you pay them enough it would be.

Senator YOUNG. No, I do not think you could, no matter what price you had.

Senator FULBRIGHT. You could grow bananas, could you not?

Senator YOUNG. No.

Senator FULBRIGHT. I do not understand the argument that this is good for the overall economy. There may be other reasons for

it. If this is not an economic crop that can be produced competitively, then why is it good for the overall economy to subsidize it?

Senator YOUNG. Going back to your argument there—

Senator FULBRIGHT. I am not arguing: I am trying to find out what are the facts.

Senator YOUNG. If we only wanted cheap commodities, they can produce cotton cheaper in Mexico and in many countries in the world than we can in the United States.

We could import all of our cotton supply. We could get all of our sugar supply from other countries; we could get all of our wheat supply from other countries which have greatly expanded their production many of them with our help.

We have to maintain some semblance of a stable agriculture in this Nation. Sugar is one of the best crops to produce.

Senator FULBRIGHT. Why does not sugar have the same protection that cotton and rice and tobacco have? Why does it have a special act and come under that act and not under the act governing the same programs as other crops?

Senator YOUNG. Because sugar and wool are import crops. We import a sizable amount of our needs and, at times, they can be produced cheaper in foreign countries. I suppose both sugar and wool could be produced cheaper in other countries, and we could get all the supplies we wanted. We could just wipe out this industry entirely if we only wanted cheaper production.

Senator FULBRIGHT. You have that great a variation in prices of sugar even under this act. Didn't it go up very high during the middle forties to about 150 percent of parity?

Senator YOUNG. Whenever we have to depend on a foreign market, then the price goes up. During wartime in the past we paid a pretty high price for our sugar requirements.

Senator FULBRIGHT. We do in everything. But I mean the Sugar Act does not stabilize the price. They go up and down anyway, don't they?

Senator YOUNG. No. Sugar, the price of sugar, has been maintained at a very stable level for years.

Senator ANDERSON. Would you permit me just a minute?

He speaks of the high prices in the 1940's. That is when we were not under the Sugar Act.

Senator FULBRIGHT. There was no Sugar Act?

Senator ANDERSON. There was no Sugar Act in operation. It was written in 1948.

Senator FULBRIGHT. It was rewritten, but I thought there was an act—

Senator ANDERSON. Not in operation.

Senator FULBRIGHT. Not suspended?

Senator ANDERSON. Don't give up on the coffee, either, because we have some coffee in the Hawaiian Islands, and they are part of the United States.

Senator FULBRIGHT. If there is such a good thing here, do you think we might grow it in Arkansas if we go high enough?

Senator YOUNG. Pardon me?

Senator FULBRIGHT. Do you think we could grow sugar in Arkansas if the subsidy was high enough?

Senator YOUNG. I suppose we could, if it was high enough. But we would not want to produce it if it was in areas uneconomical.

Senator FULBRIGHT. What is your concept of being economical?

Senator YOUNG. If we produce at a reasonable price, and I think we are producing sugar at a reasonable price in the present areas of the United States where it is being produced.

Senator FULBRIGHT. You believe that?

Senator YOUNG. Yes.

Senator FULBRIGHT. What is the price of sugar now in North Dakota?

Senator YOUNG. There has been some variation, but for 10 years—I do not have the figures.

Senator FULBRIGHT. Will this add to employment, do you think, if you increase the production?

Senator YOUNG. It would greatly increase it, and not only because it requires a considerable amount of labor and expensive machinery—a beet topper and loader costs about \$15,000, and they only last 2 or 3 years.

Senator FULBRIGHT. That is all.

The CHAIRMAN. Any further questions?

Senator YOUNG. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Young.

Mr. BENNETT. Mr. President, will the minority leader yield 5 minutes to me?

Mr. DIRKSEN. I yield 5 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 5 minutes.

Mr. BENNETT. Mr. President, I can associate myself with everything the Senator from Nebraska has said about the various problems involved in the situation now confronting us as regards the Sugar Act. However, I have arrived at a conclusion different from the one at which he has arrived, because I believe there are in this situation one or two factors which he did not mention.

I find myself in the position of being about to cast a vote exactly the opposite of the vote I cast in the committee when the Douglas amendment was acted on there. I believe that at that time none of us in the committee realized the possible foreign-relations implications of the votes we cast at that time. On that basis, and in supporting the President in connection with this problem, today I reversed my previous position, and voted on the opposite side. In the committee, I voted for the amendments the Senator from New Mexico offered there, although they were slightly different from the ones he has offered here.

Mr. President, we are now approaching the deadline for the extension of this act. I agree with the Senator from Nebraska that it is most important that the beet-sugar producers and the cane-sugar producers in the United States have a permanent program cast on a new pattern. Certainly that is most necessary.

There is a great deal of justice to the claims that the would-be growers in new sugar-producing areas make for a share in this program. But we are about to enact a measure which will have 15 months' duration. That is not a sufficiently long time to justify the erection by investors of new sugar mills.

I very much fear that if the Anderson amendment becomes a part of this bill, one of two things will happen: Either the House will reject it—in which case we shall be back here, possibly at midnight, to report to the Senate the difficulties we have had in conference; or the House might accept it.

What worries me about its possible acceptance by the House is that the House has given us trouble every time we have faced the problem of trying to recast

the pattern for the domestic production of sugar.

If the House were to accept this proposal, the House then could say to us, "Do not bother us again by asking for permanent legislation. We agreed with you in connection with the bill you passed just before the Easter recess."

Mr. President, what do we find in this amendment? There are two parts. I agree with the first part, and I certainly can support it. It is to the effect that before any allocation of Cuban deficits or other deficits is made to other offshore countries, the U.S. domestic industry shall be given an opportunity to supply that need, if it can do so.

But I could not support the second part of the amendment, because I believe it holds out a shadow, not a substance. I believe this situation could be used against us if the House should accept the bill. I believe this might prevent us from obtaining a permanent correction of this situation.

We need time to study it; we need opportunity to study it. But that has been rather effectively denied us for some 2 years.

The Senator from New Mexico told us that when he was Secretary of Agriculture, the Sugar Act was rewritten.

The PRESIDING OFFICER. The time yielded to the Senator from Utah has expired.

Mr. BENNETT. I should like to have 2 more minutes, if I may.

Mr. DIRKSEN. Mr. President, I yield 2 additional minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 2 additional minutes.

Mr. BENNETT. I thank the minority leader.

Mr. President, as I was saying, the Senator from New Mexico told us that when he was the Secretary of Agriculture, the Sugar Act was rewritten in his office. But I am sure it took weeks and weeks of consultation and negotiation before that language was agreed to. I do not think it was done between Tuesday noon and 4 p.m. on Wednesday.

If the pending amendment were in two pieces, I could support the first part—namely, that giving our domestic area the first chance to make up the Cuban deficit.

But although I still hope that we shall develop workable, permanent legislation on such a basis that the U.S. investors will proceed to construct new sugar mills, so it will be possible for new areas in the United States to have an opportunity to share in the sugar market, I am afraid this amendment would make that impossible.

Therefore, Mr. President, although I shall do so reluctantly, I must vote against the Anderson amendment.

Mr. ALLOTT. Mr. President, will the minority leader yield to me?

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 5 minutes.

Mr. ALLOTT. Mr. President, all of us have a great interest in this sugar legislation.

I hope that I may now have the attention of the Senator from New Mexico, because most of my remarks will be addressed to him.

Many factors must be considered when we provide either for new sugar-beet acreage in the United States or for new sugarcane acreage in the United States. I happen to be one of those who believe that the sugar producer in this Nation—whether he produces cane sugar or beet sugar—has long received less than he is entitled to, less than he should have received under the laws of the United States. In this respect, I agree completely with the Senator from New Mexico.

I also believe there are in this country areas which are not now producing any sugar beets or any sugarcane—I speak now especially in reference to the production of sugar beets, because my knowledge relates especially to that production—although they could produce those crops. There are also in this Nation areas now under production which could certainly increase that production greatly.

As a matter of fact, these are in our country areas in which sugar beets are now produced where the farmers are operating on a marginal basis because they cannot produce enough sugar beets year in and year out to make that operation really pay.

When we consider allowing new areas in our country to participate in the production of sugar beets, we must consider also the types and kinds of sugar beets to be raised.

I hold in my hand a clipping from a Texas newspaper. The article states that one of the western companies—The Great Western Sugar Co.—is at this time actually working with people in Texas to help them ascertain what type of sugar beets is best for production there. They now are working out a plan, so that when the time comes, they can actually produce those sugar beets.

I have received a letter from Kenneth Matchett, Secretary of the Colorado Beet Growers Association, in which a desire is expressed for more beet production. I ask unanimous consent to have the letter printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 27, 1961.

Senator GORDON ALLOTT,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ALLOTT: We have recently had called to our attention certain publicity which purports to represent our position. We are forced to admit that under present economic circumstances and the existing cost-price squeeze the situation in the delta sugar factory district is far from satisfactory. This situation is not confined to this one area, as we understand farmers in many communities as well as in our new State of Hawaii and in Puerto Rico are in a depressed condition.

However, the directors of the Western Colorado Beet Growers Association are co-operating with the Holly Sugar Co. to the end that volume may be increased and the plant improved and preserved.

Ninety-nine percent of the beetgrowers of our community are dues-paying members of the organization which we represent.

We hope you will use your best efforts to see that the Senate follows the House action in extending the Sugar Act for a 21-month period.

Yours very truly,
WESTERN COLORADO BEET GROWERS
ASSOCIATION,
KENNETH MATCHETT, *Secretary*.

Mr. ALLOTT. The Senator from New Mexico has said that all his proposal states is that consideration shall be given to allocation to domestic areas. Perhaps that is the Senator's intention, but the proposal in fact reads that such quantity shall first be allocated to domestic areas and that any part of such allocation which domestic areas are not able to fill shall be apportioned in raw sugar, and so forth.

There are great areas with no production facilities, and where no beets have been grown before, and the proposal says this production shall be allocated to them. It says, "It shall be." The amendment could be amended to state that consideration shall first be given to allocation to domestic areas. I believe this would express more completely the idea espoused by the Senator from New Mexico when he was speaking a few moments ago.

I would point out what I think is another inconsistency in the amendment. That is in the second portion where it reads:

Whenever the Secretary establishes restrictive proportionate shares for farms pursuant to this section, he shall, insofar as practicable, protect the interests of new and potential producers of sugar beets—

And I understand the word "cane" was inserted in that language. Is that correct?

Mr. ANDERSON. That is correct. The word "cane" was added.

Mr. ALLOTT. I continue to read:
in States, counties or parts thereof that have no acreage allotments, as well as new growers in old areas, under this act.

While I may not know what this means in its entirety, I am pretty well able to determine that it means one thing, namely, that the only people who are going to get any real consideration and protection in this respect will be the new and potential producers of sugar beets. There is no protection of the interests of those who already have a great investment in machinery devoted to the production of sugar beets, and who could easily handle far greater amounts of beets than they do.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ALLOTT. Mr. President, I ask for 3 additional minutes.

Mr. DIRKSEN. Mr. President, I yield 3 additional minutes to the Senator.

Mr. ALLOTT. I think the only conclusion that can be drawn is that the proposal would be a very great blow to those now growing sugar beets.

Let me summarize my position in this way. I say to the Senator from New Mexico that if the amendment is adopted we will have a conference, and we do not know how we shall end up. Passage of the bill before the Friday deadline is of utmost importance. I am completely in sympathy with his position that there should be new sugar beet areas in this country. I am in complete sympathy with the position that we in this country should not lose the windfall, if it may be called that, of the former allocation to Cuba, and part of it, at least, should be used in other areas of this country. It is about time for Americans to receive the benefit of that opportunity. But the proposal needs more study; and I will be standing alongside the Senator in any effort to put new areas into sugar beet production. It seems to me, however, that the position taken by the amendment as written is one which the State Department and the country could not justify. All we would be doing, really, is chopping ourselves off from a chance to go forward.

The Senator from New Mexico has made his point. I think all of us are very much in sympathy with it, but I do not think this is the right type of amendment. It is my hope that the amendment will not be adopted, but that hearings can be held on the proposals contained in it.

Mr. ANDERSON. Mr. President, I yield 5 minutes to the Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I am glad to be a cosponsor, along with other Senators, of this amendment. Having observed the activities of Congress for 22 years, I have never known of any Government policy that would automatically inhibit the growth potential of American industry or agriculture. There has always been some provision for an opportunity for new growers or producers of various commodities or products when Government controls have gone into effect.

It seems to me that, if nature has been kind enough to various agricultural areas to enable them to produce an abundance of corn, wheat, or other crops, which means there have to be extreme curtailments of acreage allotments, then there must be some crack left in the door so farmers can hope to engage in some kind of production which their soil, climate, and availability of irrigation permit, and give them some hope of participation.

Certainly, we do not approve of the closed shop in agriculture; and the way the Sugar Act has operated has denied to a farmer, no matter how competent, or a farm, no matter how fertile, or with water resources, whether natural or irrigating water, the opportunity to participate.

Consequently, the act denies farmers the right of beet production. In my State we have developed a considerable amount of irrigated land. We have a climate which is suitable for sugar beet growing. We have a cattle industry which works hand in glove with the sugar industry in the use of wastage of

sugar mills and beet pulp, which is excellent cattle feed, and also for the use of sugar beet tops, which are better than any other product for that purpose.

Certainly, this very carefully worded amendment merely asks for consideration in opening the door a little bit, so far as practicable, for the use of this very valuable crop to replace what has been denied us as a result of our relationships with Cuba.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. ALLOTT. The Senator has used the same words that have been used before, namely, "that just consideration be given."

I loaned my copy of the amendment to someone, but the opening words of the proviso are that they shall be allocated. That is not a provision for consideration. I think that would be fine, but the opening words of the amendment are, "they shall be allocated." Is the Senator aware of that fact?

Mr. MONRONEY. I am aware of it, and I am also aware that those who have had quotas and have been in business for years are given absolute freedom against marketing quotas and ability to split up the additional production. All we are asking is an opportunity for new producers to do something about it.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. ANDERSON. There is in the sugar legislation already ample opportunity for the growth factor. We do not want to change that at all. We want that opportunity. Under the growth factor there has been an increase from 837,000 acres in 1956 to 1,100,000 acres today. That is growth enough.

Mr. MONRONEY. That is correct. The population is continuing to grow at a very rapid rate. As the population increases, consumption of sugar increases. Are we to freeze production and put a "No Admittance" sign on the doors of this very exclusive fraternity? Or are we going to say, in strong language, that it is not an exclusive fraternity, and give other States that have a hope of growing sugar an opportunity to do so?

The Senator from Colorado is well aware that States far away from sugar refineries are not to be given quotas unless there is some assurance that the sugar beets grown there can be processed. We have an uphill pull trying to get into the fraternity. For that reason we would like to have a hope of interesting investors in such establishments.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Mr. President, I yield 3 minutes to the distinguished Senator from Florida [Mr. SMATHERS].

The PRESIDING OFFICER. The Senator from Florida is recognized for 3 minutes.

Mr. SMATHERS. Mr. President, I wish to associate myself with the aims, the ambitions, and the purposes of the

amendment offered by the able Senator from New Mexico.

Like every other Senator who comes from a State which can produce sugar, whether it be beet sugar or cane sugar, I am of the opinion that the States should be permitted somehow to bring into being more acreage for the growing of sugar. I believe we all feel we are well qualified to do so.

Certainly the State of Florida has ample acreage and ample land available. There are many new producers who come to Florida who are most anxious to get under the umbrella, as we shall call it, and to start producing sugar.

I hope, in supporting the amendment, we do not have a sort of exercise in futility. As a practical matter, all of us recognize that we shall have to go to conference on the bill. There will be some problems with the other body.

We recognize that this is not the best way to consider such highly complicated sugar legislation. It is so complicated there is not even a full text of the Sugar Act in the Chamber anywhere.

Actually, in point of fact, we hardly know what we are doing. I hope, as a result of the discussion we are having today, we can get a commitment that there will be hearings held not only in the House of Representatives but also in the Senate.

The able Senator from New Mexico [Mr. ANDERSON] does have a copy of the law, but I do not know of any other Senator who has read it.

Mr. ELLENDER. The pertinent portion is in the report.

Mr. SMATHERS. The full text of the Sugar Act is not in the report.

The House has already agreed to hold hearings on the act in May. I hope the Finance Committee of the Senate, the members of which have been long anxious to thoroughly inquire into the problems of sugar, will hold hearings.

I can see no reason why the Senate should not hold hearings contemporaneously with the House. We can develop all aspects of this very complicated problem, so that we will know what we are doing with respect to new acreage, old acreage, foreign shore imports, refineries, and all the rest.

This is entirely too complicated a law to legislate on the floor of the Senate.

I wish to aline myself—and I am sure I speak for my colleague—with the aims, the purposes, and the hopes of the Senator from New Mexico. I think we are mostly going through a demonstration of the fact that we wish to accomplish something, even though we recognize it might not, as a practical matter, be accomplished in respect to the particular bill before us at this particular time.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. ANDERSON. Mr. President, I yield further to the Senator.

Mr. MANSFIELD. Mr. President, will the Senator yield to me?

Mr. SMATHERS. I am happy to yield to the majority leader.

Mr. MANSFIELD. There is a great deal of merit in the amendment, espe-

cially in the section (b), which reads as follows:

Section 302(b) of the Sugar Act of 1948 is amended by inserting immediately after the first sentence thereof the following: "Whenever the Secretary establishes restrictive proportionate shares for farms pursuant to this section, he shall, insofar as practicable, protect the interests of new and potential producers of sugar beets and sugar cane in States, counties or parts thereof that have no acreage allotments, as well as new growers in old areas, under this Act."

The amendment would give some protection to those who have taken a chance on the unlimited acreage which was approved by the Department in the past year.

Mr. SMATHERS. The Senator is correct.

Mr. MANSFIELD. I agree that a great deal of study is needed on the proposed legislation. I hope, also, on the basis of representations which have been made, that there will be hearings. Representative COOLEY, the chairman of the House Committee on Agriculture, intends to start hearings in May. As soon thereafter as practicable, I hope the Senate Finance Committee will hold hearings to consider not only proposals of this kind, which are important, but also proposals such as the Douglas amendment.

The Douglas amendment was agreed to in the Committee on Finance yesterday, and considered by the Senate today. I hope proper consideration will be given to the amendment and to the most difficult legislative process, and that we shall have plenty of time to do so, instead of following a procedure, as has been done this time and was done the last time, of considering a bill at the last minute, when we do not have sufficient time to really understand and to discuss what is before the Senate.

Mr. SMATHERS. I thank the majority leader. I think we must support the particular amendment before us, because it is an expression of what all of us think ought to be done in the permanent legislation.

It is almost undignified to see the Senate operate in such a manner that it has to capitulate to the late hours and to the tactics of certain other Members of Congress, to get this type of law enacted. I believed we can start hearings. The other body has agreed to start hearings in May. We can hold hearings contemporaneously.

The committee can report an intelligent bill, a well drafted bill which will take into consideration all of the problems. I hope that can be done before the end of the session this year.

Mr. ANDERSON. Mr. President, I yield to the able Senator from South Carolina [Mr. JOHNSTON].

Mr. JOHNSTON. Mr. President, I wish to associate myself with those who are in favor of the amendment. There are many reasons why I am in favor of the amendment. One is that I do not think we ought to let the sugar allotment be tied up by other countries. We should keep it from becoming tied up by other countries, by using it at

home, if possible and if the people wish to do so.

We must remember that with respect to the feed grains bill, which we passed a few days ago, we discussed the problems of the farmers who might wish to go into such an activity. We did that to help the soil bank.

I should be glad to see the farmers go into something. We might save a lot of money for the Government, also, in addition to providing some allotments which would go to growers in our country.

We must remember that when we give the quota to other countries we have to pay 2 cents a pound extra on every pound of sugar we get from those countries. We should take all those things into consideration when we try to legislate.

This proposal would tie up the quota for only a short while, until we can look into the law thoroughly.

Mr. ANDERSON. Mr. President, I yield 2 minutes to the senior Senator from Oklahoma.

Mr. KERR. Mr. President, I am happy to hear so many words of commendation for the purpose of the amendment. I hope it will be agreed to.

We shall have a conference with the House. I am of the opinion we can work something out with the House in this regard. Certainly we at least should go on record to demonstrate our purpose to achieve the objective of the amendment.

I hope the conferees will have a chance to see if they can prevail on the House conferees to accept the amendment.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that a statement I have prepared in support of the Anderson amendment may be printed in the RECORD at this point, together with supporting tables.

There being no objection, the statement and tables were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR YARBOROUGH URGING INCREASES FOR AMERICAN SUGAR GROWERS

As a matter of national safety, and for our own defense, we ought to produce more sugar at home.

The American people, and the people of Texas, are forced to buy one out of every two pounds of sugar they use, from foreign sources.

Under the Sugar Act "quota system," areas within the jurisdiction of the United States are permitted to produce only 49 percent of the sugar used in the United States.

Sugar beets form the best paying crop, not only in the high plains of Texas, but in many high plains regions of the central western part of the United States.

In my own State of Texas, the total State acreage allocations for sugar beet production is 1,800 acres, out of a total acreage of over 1 million acres.

The thousands of American taxpaying citizens in the farm areas of wheat, cotton, and other controlled crops, who have been forced from drought to develop, at their own financial risk and cost, underground irrigation water, need and desire to produce a portion of the sugar that they and other American people consume—which, under present law and the proposed 15-month extension, must be purchased from foreign countries.

These citizens believe that this 21-month extension may very likely result in no permanent legislation that would give them the right to produce, even at the end of that period, and that we may well find ourselves in the same place on June 30, 1961, as we were in 1960, when, early in 1960, as well as following the conventions, they were promised that permanent legislation would be passed by the 1960, and again by the 1961, Congress before the deadline of March 31, 1961.

This extension of 15 months will delay, by another 2 years, new producing areas from starting the construction of refineries, the building of which will take 2 years—thus, they would be 4 years further away from production.

A permanent law needs to be enacted during this Congress. The full hearings should be held in the House. Arguments to the contrary will have the effect of postponing consideration of increasing the domestic production of sugar.

Logical reasons exist in favor of our country producing sugar. From the standpoint of independence from foreign sources, we need production, not only in the event of international conflict or war, but, as has been established by the Cuban example, in time of peace as well. Certainly, it is a good step in the right direction: it would aid in solving the unemployment situation; it would strengthen the farm economy considerably. Thus, the national economy would be helped, and the solution would help balance our crude reserve.

The State Department and the Department of Agriculture, representing the administration, both testified on March 27 that we need a permanent Sugar Act at the earliest possible moment, and that, if it

could be written in a short time, they were in favor of doing so. The industry has likewise indicated the necessity of a permanent Sugar Act, as contrasted to mere extensions. It is of most importance to the new growing areas, which should have the right to participate in the production of sugar, that this be accomplished without delay.

Failure to write a domestic sugar-beet-producing section into the law now will kill the chances of the American farmer for immediate participation in this program. The domestic associations, representing 10,000 or more farmers and producers from Texas and other States, plead for action now—that is, before March 31—and they have every confidence in the ability of the Congress to produce an equitable bill for the taxpayer and farmer of the United States.

They believe that American growers should have priority rights in seeking an equitable solution.

Delays in facing up to the proposition of the American farmer producing sugar, cane and beet, complicate the consideration of all matters pertaining to the U.S. sugar law. When all foreign countries are heard, those who are favored may temporarily feel good, but we have not made friends with those whom we may deny the right to import sugar. No foreign country on the face of the globe will be critical of the United States for saying to them and to the world that this Government will, by this act, give increased sugar quotas to its own citizens who desire to produce, grow, and manufacture sugar consumed by them and their fellow Americans.

TABLE 18.—Sugar beet production 1958, by States

[1,000 tons]

Far West:	
California.....	13,708
Idaho.....	1,902
Nevada.....	7
Oregon.....	521
Washington.....	813
Total.....	16,951
Central:	
Colorado.....	2,372
Iowa.....	12
Kansas.....	123
Minnesota.....	883
Montana.....	839
Nebraska.....	902
New Mexico.....	9
North Dakota.....	464
South Dakota.....	73
Texas.....	32
Utah.....	429
Wyoming.....	596
Total.....	6,734
Eastern:	
Illinois.....	39
Indiana.....	(²)
Michigan.....	1,112
Ohio.....	309
Wisconsin.....	117
Total.....	1,577
Total beet area.....	
15,262	

¹ Preliminary.

² Less than 500 tons.

Source: "Sugar Reports," U.S. Department of Agriculture, Commodity Stabilization Service, Sugar Division, Washington, D.C., December 1959, No. 92, p. 26.

Mr. ANDERSON. Mr. President, I yield to the Senator from Nevada [Mr. BIBLE].

Mr. BIBLE. I thank the Senator.

Mr. President, earlier I joined in the colloquy with the Senator from New Mexico concerning his amendment, of which I am a cosponsor. I ask unanimous consent that a statement I have prepared on the amendment be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BIBLE

The 15 month's extension of the Sugar Act as amended by the Senate Finance Committee will unquestionably give ample time for permanent legislation to come before the Congress.

It was my desire that the extension period would be of shorter duration and that permanent legislation would be enacted with needed equitable changes written into the law without awaiting even the 15-month period.

For the past 4 years, farmers in the state of Nevada have sought increased sugar beet acreage allotments. Nevada's farm economy was broadened in 1956 when 500 acres were planted to sugar beets. Actually, this was

Sugar beet production by States and regions

[1,000 tons]

State and region	1950	1951	1952	1953	1954	1955	1956	1957
Far West:								
Arizona.....	2	1						
California.....	4,006	2,659	2,648	3,712	4,319	3,372	3,610	4,451
Idaho.....	1,508	1,227	1,052	1,459	1,569	1,433	1,551	1,777
Nevada.....							3	3
Oregon.....	414	328	302	387	389	381	428	462
Washington.....	480	443	456	723	761	552	707	846
Total.....	6,410	4,658	4,458	6,281	7,038	5,738	6,299	7,541
Central:								
Colorado.....	2,183	1,906	1,942	1,956	1,654	1,621	1,893	2,399
Iowa.....	24	9	10	8	7	10	13	14
Kansas.....	82	37	50	30	62	96	106	140
Minnesota.....	506	608	529	670	818	771	772	840
Montana.....	744	537	515	586	683	724	755	891
Nebraska.....	811	683	904	789	786	665	848	895
New Mexico.....	11	8	3	3	6	4	4	8
North Dakota.....	231	328	241	330	418	398	397	477
South Dakota.....	46	42	47	39	75	64	65	63
Texas.....	48	16	10	20	20	31	31	42
Utah.....	535	403	260	435	534	437	463	470
Wyoming.....	454	438	468	503	475	421	472	559
Total.....	5,675	5,015	4,979	5,369	5,538	5,242	5,819	6,798
Eastern:								
Illinois.....	35	25	18	23	36	36	29	27
Indiana.....	8	2	2	2	1	1	1	1
Michigan.....	1,020	605	527	570	771	885	696	907
Ohio.....	277	127	131	178	247	279	199	289
Wisconsin.....	160	65	66	84	135	57	65	78
Total.....	1,500	824	744	857	1,190	1,258	980	1,301
Total beet area of the United States.....	13,585	10,497	10,181	12,507	13,766	12,238	13,107	15,640

Source: U.S. Department of Agriculture, Sugar Statistics, vol. II, table 18, p. 20, February 1959, Statistical Bulletin No. 244.

a rebirth of the sugar industry for Nevada. Farmers in the State as early 1912 had planted fields to sugar beets and had erected a mill in one Nevada county. Early experiments with sugar beets were doomed to failure due to the leaf hopper disease. With the development of seed resistant to this disease, the industry was reborn in the same county where earlier experience with the beet crop had met with failure.

Sugar beet plantings the past 4 years, while on a minor scale compared with the other 22 beet-raising States, have proved successful.

Nevada farmers received a 1960 beet acreage allotment of only 584 acres. Needless to say, the size of this allocation when shared by some 15 growers is of such import as to make little change in our farm economy.

The Nevada sugar beet acreage allotment is less than one-half of 1 percent of the total sugar beet acreage planted in the 22 beet-raising States.

Regardless of the size of this small industry, farmers in Nevada have appealed to me and requested that I assist them in securing additional acreage allotments. They have found the beet crop a profitable one which can be successfully grown and one which will supplement and round out their farm economy.

This year, my State is experiencing one of the worst droughts in its history. Ranchers and farmers are indeed concerned. There is some question that water for irrigation will be available for any type of row crop plantings. Nevertheless, the agriculture industry of Nevada will survive and it will survive on the hope and the faith that the future will be better—and that sufficient rain and snow, as in past years, will again provide the precious water they need.

They do, however, look to Congress to give them some assistance: legislation which they need to improve their economy and to make possible the planting of crops which will permit them to increase their farm incomes.

Historically, Nevada has an alfalfa and small grain agriculture economy. In normal years, a surplus of hay is produced and this surplus is marketed in the neighboring State of California. I am advised the average gross on a good alfalfa hay crop is about \$100 per acre. Similar or less returns can be expected from small grains.

A new sugar beet grower in Nevada has reported to me his gross return per acre on sugar beets in his second year of beet planting experience, was slightly over \$300 per acre and that he believed with an equitable acreage allotment, that he could net in the neighborhood of \$100 per acre.

The State allocation is now so small that it is difficult to form an economical planting unit. I am afraid unless Nevada receives a larger acreage allotment, that farmers in my State will find it extremely difficult to continue with sugar plantings. On good authority, I am advised that an economical unit is approximately 1,500 acres, considering the shipping distance to beet processing plants some 200 miles away.

It is for this reason that I am hopeful new growers will be given consideration within the States and that permanent legislation can be enacted into law which will give our farm segment of this Nation a more equitable share of our own domestic sugar market.

Mr. ANDERSON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Illinois has 2 minutes remaining.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from New Mexico [Mr. ANDERSON] and other Senators. [Putting the question.]

The Chair is in doubt.

On a division, the amendment was agreed to.

Mr. CARLSON. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 3, line 7, it is proposed to strike out the word "consideration" and to insert in lieu thereof the word "preference."

Mr. CARLSON. Mr. President, I offer this amendment because the word "preference" has been contained in the bills which were reported and before the Senate and before the House of Representatives in the last session of Congress. The word "preference" was in the original bill as introduced by the distinguished chairman of the House Committee on Agriculture this year.

I offer the amendment because it complies with the original Sugar Act. The original Sugar Act, which was approved in 1948, states, among other things, that it is "an act to promote the export trade of the United States."

I say in all fairness that this evening we are going to allocate sugar quotas to foreign countries. In my opinion, these countries should be somewhat obligated to trade, particularly on agricultural commodities, and while the language of the House bill that is before us at the present time reads:

Except that consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities;

I say that we should strengthen that language and substitute the words "give preference," because such has been the intention of the committees that have handled this proposed legislation for many years. The measure passed the Senate Finance Committee last year with the word "preference" in it, and only on the concluding night in August of last year, when the bill was before the Senate, in much confusion was the wording of this language limited.

It seems to me that there is present an opportunity to render a service to the Nation, to the Treasury, to the taxpayers, and to the farmers of this country to see that the word "preference" is substituted in the bill for the word "consideration."

When the bill was being considered by the Senate last year, I had printed in the RECORD a letter which was written to the Secretary of State on August 26 outlining the reasons why I think we have a right to expect Brazil, for example, which is in the market for hundreds of millions of bushels of wheat, and Peru, which is in the market for a substantial amount of wheat, to comply with this particular section, and urging that preference be given to countries to which quotas are allotted. I ask unanimous consent that that letter be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 26, 1960.

HON. CHRISTIAN A. HERTER,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: Congress is again considering changes in our Sugar Act, which would further extend the powers of the President in regard to the allocation of sugar quotas.

The proposed changes, together with the curb on imports of sugar from Cuba, offer an opportunity for the United States to shift its trade to traditionally friendly countries in South America.

During your appearance before the Senate Foreign Relations Committee last week, I stressed the importance of keeping in mind the need for export of agricultural products and particularly wheat, to Latin American countries that are deficient in their supply of wheat.

Wheat represents one of the greater outlets for U.S. production in South America, and I believe that we, as wheat producers, are highly justified in protecting our interests by actively representing our position in the renewal of the U.S. Sugar Act.

My proposal is Brazilian-Peruvian sugar for U.S. wheat. In considering how this could be achieved there are two approaches, both of which necessitate a U.S. sugar quota.

1. Set aside a portion of the U.S. quota for exchange of sugar for U.S. wheat. The transaction to be consummated through commercial channels with sugar at the U.S. preferential price and wheat at U.S. export prices. (Discussions indicate that sugar exporters would accept world prices if a means could be found to market it without disrupting U.S. sugar marketing procedures.)

2. Set aside the U.S. quota gains from increased U.S. sugar consumption: Currently the gain is allocated to the signatory countries which in effect increases their quota. This amount if set aside would not decrease existing quotas, but would give other countries opportunity to slowly build up their exports to the United States. Again it could be stipulated that the exchange generated would be used for importation of U.S. surplus agricultural commodities. You will note I am suggesting surplus agricultural commodities, for it should have greater appeal and the primary needs in Brazil and Peru are for wheat so we would be assured of the majority of sales.

These suggestions should have considerable appeal to many, for it offers opportunity for increased wheat sales based on dollar marketing, with less dependence on Public Law 480. Although resembling a barter program, it differs in that it could be handled through commercial channels without involving governments in the financing and disposal.

If it develops that additional sugar allocations should be made to Brazil and Peru, I would make the following recommendations:

1. Relate the additional allocations to an exchange for wheat.

2. Brazil needs 150,000 tons additional sugar allocation to relate to the exchange value of 300,000 M.T. of wheat (sugar \$120. per ton—wheat \$60. per ton) for the immediate future, if we are to supply her wheat needs for the balance of 1960.

3. Peru can supply and is eligible under the law for an additional 50,000 tons of allocations, representing 100,000 M.T. of wheat exchange, an amount which it is doubtful we will supply otherwise.

4. It should be emphasized that such a proposal can be handled through private trade channels and support of U.S. trade should be solicited.

Your personal interest in this matter will be greatly appreciated and if I can secure

additional information for you, I will be most pleased to do so.

Sincerely yours,

FRANK CARLSON.

Mr. CARLSON. I think it is only fair that this consideration be given, and I sincerely hope the amendment will be agreed to.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. CURTIS. The Senator has offered a good amendment, and I shall support it.

Mr. CARLSON. I thank the distinguished Senator from Nebraska.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. AIKEN. May I add that I think it is a good amendment and I shall support it.

Mr. CARLSON. I appreciate the comment of the ranking minority member of the Committee on Agriculture. It is an amendment that should be agreed to.

Mr. HRUSKA subsequently said: Mr. President, I have a question to ask on H.R. 5463, which the Senate approved earlier this afternoon. I should like to propound the question to the Senator from Utah [Mr. BENNETT].

In the report on H.R. 5463 of the Committee on Agriculture of the House of Representatives, there is a paragraph entitled "Transshipment of Cuban Sugar" which indicates that this country should not continue to import refined sugar made from Cuban raw sugar. The report further indicates that this determination is to be made on an overall basis, depending upon the quantity of Cuban sugar the respective country imports and refines.

Does the Senator understand that this limitation would be retroactive, or should it apply only to reallocations made after the first quarter of 1961?

Mr. BENNETT. Since we are writing a new bill, any clarification that changes the interpretation of the legislature should apply only to future reallocations, and not to reallocations for the first quarter of 1961.

I am not, of course, the chairman of the committee that handled the bill, but I discussed the question with the chairman before it was necessary for him to leave, and he assured me that that is his interpretation, as it is mine.

Mr. LONG of Hawaii. Mr. President, I hope that the conferees will agree upon a sound sugar bill and that it will be passed. I believe everyone agrees that it is absolutely imperative to pass sugar legislation this week, simply because chaos would prevail in the entire sugar industry if we do not. I speak with considerable feeling, since Hawaii has a bigger stake in the outcome than any other State. Our allotment is 1,100,000 tons.

Failure to act would threaten the well-being of a great and vital domestic industry that has served our country well and that is the foundation of the economy of my own State of Hawaii. Failure to act would nullify a major element of our foreign policy, specifically with respect to Cuba and generally with respect

to the Philippine Republic and many other nations that we count among our best friends. Failure to act would jeopardize our domestic supply of sugar and would defeat all the gains we have made in 25 years of insuring a steady and adequate sugar supply for our people.

So, Mr. President, we must have a bill. I am ready to agree that, in the long run, we should have a bill which differs in some particulars from the one that has been before us today. But between now and midnight Friday is not the long run. All the testimony presented by Senators and representatives of the administration before the Finance Committee was unanimous in the view that there is simply no possibility of developing a satisfactory permanent bill now.

Not only that, but there is a serious question as to whether this can be done in less than two sessions of the Congress. As Mr. Myers, of the Department of Agriculture, stated, it took two sessions to pass the last major revision in 1955-56; and compared to the problems of today, that was child's play.

Therefore, I am persuaded that we need a significant extension of the present Sugar Act, as is contemplated by the bill before us. I would have preferred the 21-month extension as voted by the House; but it seems to me that the 15-month extension recommended by the Finance Committee is a reasonable length of time, and I can support it.

I could not support, however, major changes in the substance of the Sugar Act, nor could I support an undue shortening of the extension period. The Sugar Act has been a good act over the years, and major changes must be carefully thought out and given consideration from many domestic and foreign policy points of view.

It is essential that the next permanent Sugar Act be one that will contribute to all the objectives that the Congress finds desirable. This, I feel, we simply cannot accomplish by any amended bill now, and I doubt that we could do it in less than the 15 months provided by the Senate version of the bill.

The PRESIDING OFFICER (Mr. METCALF in the chair). The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 5463) was read the third time and passed.

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. METCALF in the chair) appointed Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. CARLSON, and Mr. BENNETT conferees on the part of the Senate.

TRADE WITH CUBA

Mr. KEATING. Mr. President, we have been discussing, and will continue to discuss pending legislation to maintain the bars against Cuban sugar imported into the country. It is, of course, right that we should not continue this subsidy, in the form of a price above the world market, for a country which has shown itself completely hostile to the principles of freedom and justice which we in America revere.

But it is not enough to maintain an embargo on sugar alone. Cuba under Castro has shown her true colors. She is virtually a Communist satellite. We must not, because of our sympathy for the Cuban people, give the government which is oppressing them any additional support.

I think the United States and the other member states of the Organization of American States should establish a complete embargo against Cuban goods of all sort. I think that we should waste no time in moving forward to make clear to Castro and his cohorts that the United States and other American nations do not want goods produced under conditions approximating forced, slave labor. The Communists are used to buying and using such goods, but the free world is not.

In view of the stand I have taken on this matter, I was most interested to receive a letter from the Department of State, answering a query I had put to it earlier. The Department of State, I am told, shares my concern that a hostile Cuban regime, which has confiscated American properties valued at over \$1 billion without compensation to the rightful owners, continues to derive dollar earnings from exports to this country.

I can assure you—

Assistant Secretary Brooks Hays writes—

that the Department is studying the Cuban trade question with the view of determining whether there are further actions in this area which might be taken in a manner consistent with our international obligations.

It is my hope that the study will be rapidly completed and will lead to stronger U.S. measures against the Castro regime, before it is even more firmly riveted onto that unhappy land with the aid of Communist equipment and infiltrators. The State Department may be moving in the right direction, but frankly, it is moving about as fast as molasses in January. If we wait too long, it may be too late.

Mr. President, I ask unanimous consent to have printed the text of the letter from the Department of State in the RECORD at this point.

lined. They were adapted from Garrison and Rummell, with slight modification:

1. Litter disturbance: Indicated by breaking down of brush or reproduction and disturbance to litter cover, but without removal of litter and soil cover.

2. Shallow soil disturbance: Indicated by renewal of ground vegetation, litter, and humus, exposing the mineral soil to a depth of less than 1 inch.

3. Deep soil disturbance: Same type of disturbance as class 2, but indicated by removal of soil to depths greater than 1 inch.

Observations for damage to residual stands were made in strips along each transect. All trees over 6 inches diameter breast height within 6.6 feet of the compass line were tallied and checked for crushing and breakage in the root systems and crowns and for scarring of the main stems.

RESULTS

Results from 131 transects indicate that both shallow and deep soil disturbance are significantly less in areas logged by Skyline Crane than in comparable areas logged by tractor (table 2). Differences in litter disturbance by the two methods, however, are not significant. Some soil disturbance was recorded on 91 percent of all three-chain transects in the tractor area, compared with 78 percent in the skyline crane area.

Tractor logging also caused more damage to the residual stand. A tally of the number of damaged trees showed that 21 percent were affected by tractor logging whereas only 13 percent received similar damage on the skyline crane area. Damage to the residual stand was found on 60 percent of all sample strips in the tractor area and on 30 percent of those in the skyline crane area.

DISCUSSION

The most conspicuous effect of logging in both areas is the exposure of mineral soil. This disturbance is not necessarily synonymous with damage. Still, because it represents a potential source of erosion, the comparative extent of exposed soil is the most significant result of the study. Add the percentages of shallow and deep soil disturbance shown in table 2, and it becomes evident that tractor logging left exposed mineral soil on 22.2 percent of the area, compared with 5.4 percent left by the skyline crane.

It is interesting to note that total area of soil is disturbed by tractor logging in this study agrees closely with values reported by Garrison and Rummell and by Fowells and Schubert. Differences in topography, soils and timber stand conditions prevent direct comparisons but, significantly, in these three independent studies soil disturbance by tractors falls within the relatively narrow range of 20.9 and 22.2 percent. If 20-percent disturbance is assumed, tractor logging leaves about 128 acres of bare soil per section compared with about 35 acres for the skyline crane. (Based on the study by Garrison and Rummell, jammer and horse logging can be expected to expose about 97 acres and 75 acres of soil, respectively.)

TABLE 2.—Average percentage of disturbance on areas logged by tractor and by skyline crane, by class of disturbance

Logging method	Class of disturbance ¹			Total disturbance
	Litter	Shallow soil	Deep soil	
Tractor (67 transects).....	7.2	6.3	15.9	29.4
Skyline Crane (64 transects).....	5.7	2.2	3.2	11.1
Difference.....	1.5	4.1	12.7	18.3

¹ See "Study Methods" in text for definition.

² Significant at 99-percent level of probability.

The extent of litter disturbance caused by tractor logging was not significantly greater than that caused by the skyline crane. In both study areas about equal volumes of timber were removed, so one might expect about 7-percent litter disturbance when 70 to 80 percent of the timber stand is harvested. Since the soil surface remains covered with litter, this type of disturbance is considered unimportant in assessing effects of logging on watershed conditions.

An important phase of logging disturbance is the manner of crossing intermittent and permanent drainages. Though no quantitative data were taken, observations were made comparing this factor in the two logging areas. Many turns of logs were transported by the skyline crane across a stream channel without causing disturbance. In general, drainage crossings in the area logged by tractor were well planned, but even with the best of precautions the crossings still constituted a source of silt and debris during periods of runoff.

It is generally recognized that construction and use of logging roads contribute a large part of stream sediment. Logging with the skyline crane required about 10 percent of the truck road system estimated to be necessary for logging the same area by standard methods.

SUMMARY

In a comparative study of logging methods, soil disturbance caused by a Wyssen skyline crane was only a quarter of that caused by a standard crawler tractor operation. Soil disturbance on the skyline crane area was found on fewer transects, less damage was evident in the residual stand, and less road construction was needed. These advantages suggest the possibility of using skyline logging systems for harvesting timber in municipal watersheds and other areas previously closed to logging because of erosive soil conditions or steep, broken terrain.

RATIFICATION OF 23D AMENDMENT TO THE CONSTITUTION

Mr. MORSE. Mr. President, as one who long has labored in the vineyard of home rule for the District of Columbia, I am very gratified that at 1:30 p.m. a measure of citizenship was awarded the hitherto voteless District residents.

To be permitted to vote for the President and Vice President of the United States is no small right. Recognition of this fact was made apparent by the speed with which the amendment moved through the constitutionally required processes of congressional adoption and State legislative ratification. Such celerity is a demonstration of the disapproval with which we, as a people, regard any denial of democratic rights. It is an earnest of the approval which, in my judgment, the citizens of the Nation would give to the adoption of municipal home rule for Washington, D.C.

A portion of the goal has been achieved. But there yet is work to be done: National representation in the Congress and devolution to the District of Columbia voters of political control of the municipal affairs of the city of Washington remain to be achieved. Both can be done by statute.

It is my hope that the public-spirited men and women who gave unstintingly of their time and efforts to press for ratification of the 23rd amendment will now devote their considerable talents energies to the remaining job.

As a member of the Senate Committee on the District of Columbia and as the author of home-rule bills which have been passed by the Senate, I gladly invite the aid and assistance of my colleagues as well as the assistance of the now partially enfranchised District of Columbia residents, in the next phase of the struggle.

In closing, I wish to extend to my colleagues here and to the members of the House of Representatives who in the first instance voted for the amendment, my heartiest congratulations. Likewise deserving of our thanks are the members of the State legislatures who, with their ratification votes, had the high privilege of crowning our work and that of our colleagues at the other end of the Capitol. As an Oregonian, I am proud that my State was in the forefront of those which gave their approval to this long overdue reform.

Mr. McNAMARA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Hickey in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now stand in recess, subject to the call of the Chair.

The PRESIDING OFFICER. Is there objection?

There being no objection, at 7 o'clock and 8 minutes p.m., the Senate took a recess, subject to the call of the Chair.

At 7 o'clock and 31 minutes p.m., the Senate reassembled when called to order by the Presiding Officer (Mr. SMATHERS in the chair).

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF SUGAR ACT OF 1948—CONFERENCE REPORT

Mr. KERR. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For the conference report see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KERR. Mr. President, the House conferees receded from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, and agreed to the same. Those numbers identify the amendments which have to do with the duration or term of the extension of the Act, the term being extended to 15 months rather than 21 months.

The Senate receded from its amendment numbered 8, which was the so-called Anderson amendment. The Anderson amendment was co-sponsored by the Senators from Oklahoma and many other Senators. With reference to that amendment the Chairman of the House Conferees, Mr. COOLEY, and the other members of the House conferees gave the Senate conferees definite assurances as follows:

First, that beginning in the early part of the Month of May of this year the House committee would begin hearings on another sugar bill and would move with all their ability and make every effort of which they are capable to secure enactment of a sugar bill by the House and get it over to the Senate in time for action by the Senate this year.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HOLLAND. Does the Senator mean a so-called permanent sugar act, as contrasted with a temporary extension of the present act?

Mr. KERR. Those words were not used. It was our understanding that they were talking about a sugar bill which would provide for an extension of years rather than one that would deal with an emergency which had been created or permitted to develop.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. KERR. In a moment. They further requested that the Committee on Finance of the Senate began holding hearings concurrently with them in order that the matter might be fully heard by both committees of Congress this year, in order that during the current session of Congress it would be possible for Congress to act on this question for a longer period of time than that provided in the bill.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. BENNETT. When the chairman of the House committee said he would invite representatives of areas which hoped to get new beet acreage to be the first witnesses at his hearings, the Senator from Utah gained the impression that the House committee was expected to go into all phases of the sugar bill, with the thought that it would come forth with what we would call permanent legislation.

Mr. KERR. That was the impression I obtained from the statement by the chairman of the House conferees and the chairman of the House committee. Mr. President, the Senate conferees were

a little rough in their language to the chairman of the House committee. They referred to what amounted to almost a lack of appreciation of the extent to which he had made efforts heretofore to get this legislation to the Senate in time for full and appropriate action by the Senate.

The conference broke up in a spirit of good will prevailing, which was to some degree to my surprise, because the conferees had talked to each other quite frankly, and the representatives of the Senate had expressed to the House conferees the opinion that the Senate felt that there ought to be a greater effort on the part of the House committee, to make it possible for a further consideration by the Senate and a greater degree of cooperation. I was delighted not only that the response to the language used and the statements made by the Senate conferees was constructive, and one which not only had spoken words of assurance, but also that the manner of the conferees was such as to be calculated to let the Senate conferees feel the sincerity of the assurances then being given.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. AIKEN. Pending the enactment of permanent legislation, what will be the authority of the Department of Agriculture relative to the purchase of sugar from Latin American countries, particularly Brazil, Peru, and any of the other countries?

Mr. KERR. I do not believe I understood the Senator's question.

Mr. AIKEN. What will be the authority to purchase from neighboring states to make up the deficiency caused by the reduction in the quota from Cuba and possibly other countries?

Mr. KERR. That question was not in conference. I do not believe any change was made from the law of last year.

Mr. AIKEN. It will be the same authority that has been in existence since last July. Is that correct?

Mr. KERR. Yes. An amendment had been offered by the Senator from Kansas. The language of the House bill provided that consideration would be given to countries that were purchasing agricultural commodities from this country. The House conferees would not take the word "preference" in the amendment of the Senator from Kansas. The representatives of the Department of Agriculture were present, and they said they could not administer an act with that word in it. The word "special" was agreed to, and therefore the language now reads that special consideration will be given to those countries which purchase agricultural commodities from the United States.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. CARLSON. I wish the RECORD to show that there was considerable discussion of the need for adjustment of this situation, and that we ought to give consideration to it. In the final analysis, in connection with the com-

modities to be purchased from the United States, I was convinced, as the author of the amendment that there would be some difficulty with the word "preference." We were assured that special consideration would be given in dealing with this problem.

Mr. KERR. I agreed with the Senator from Kansas. I must say that I was more convinced of their objection to the word "preference" than of the difficulty of administration of the act with the word "preference" in it. However, the protests and objections were just as vehement as if they were describing accurately what they believed to be difficult.

Mr. SMATHERS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MONROE in the chair). Does the Senator from Oklahoma yield to the Senator from Florida?

Mr. KERR. I yield.

Mr. SMATHERS. I should like to make an addendum to what the Senator from Utah has said about Mr. COOLEY indicating that he would hold hearings, and that the first witnesses would be those seeking additional quotas for beet sugar production. I add also that he included those who seek additional quotas for cane sugar production.

Mr. BENNETT. The Senator from Utah was in error in singling out those growers who were seeking acreage. It was new growers who were seeking acreage; yes.

Mr. KERR. Either beet or cane.

Mr. President, I now have a copy of the language which is in the report of the managers on the part of the House of Representatives in the conference. It reads:

The Senate receded from this amendment—

That is amendment number 8, or the Anderson amendment—

with the understanding that hearings on a long-range—

That was the phrase I tried to think of in replying to the Senator from Florida. He used the word "permanent," I believe.

The Senate receded from this amendment with the understanding that hearings on a long-range sugar bill will be started by the House Committee on Agriculture early in May and that every effort will be made to report a bill and pass it through the House at this session of Congress. The House conferees also expressed the hope that the Senate Committee on Finance would undertake hearings contemporaneously with those of the House so that long-range sugar legislation might be enacted at the earliest practicable date.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HOLLAND. The explanation just made by the Senator from Oklahoma is very helpful. The phrase "long range" probably expresses what I had in mind better than the word "permanent." Am I correct in understanding that all conferees, of both the House and Senate, signed the conference report?

Mr. KERR. I believe they did.

Mr. HOLLAND. I congratulate the Senator from Oklahoma and the other

conferees on the very happy termination of the conference.

Mr. KERR. I recommend approval of the conference report.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. MANSFIELD. The Senator has mentioned the fact that the House would start hearings on a long-range act in May, and that it was their suggestion that the Committee on Finance of the Senate should consider the possibility of acting concurrently on the same matter. Is it the Senator's impression, as chairman of the Senate conferees, that when these committees meet they will also discuss at the same time the Douglas proposal, which was adopted by the Committee on Finance?

Mr. KERR. That is the desire and purpose of the Senator from Oklahoma, and the belief of the Senator from Oklahoma. The distinguished Senator from Virginia [Mr. BYRD], the chairman of the Committee on Finance, assured us that he would cooperate in every possible way to hold early and adequate hearings this year.

Mr. DIRKSEN. Mr. President, will the the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. DIRKSEN. Do I correctly understand that the Senate conferees approach their responsibilities with customary candor and vigor, and that on occasions the language was ruggedly classic or classically rugged, one way or the other.

Mr. KERR. Or both.

Mr. DIRKSEN. And that the Senate conferees really upheld the full tradition of the Senate?

Mr. KERR. I thank my great friend from Illinois and say to him that I have no basis on which to disagree in the slightest extent. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. KERR. Mr. President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. CARLSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

Mr. MANSFIELD. Mr. President, sundry nominations were reported today from the Committee on Armed Services. I ask for their immediate consideration.

The PRESIDING OFFICER. The nominations will be stated.

U.S. MARINE CORPS

The Chief Clerk read the nomination of Lt. Gen. Thomas A. Wornham, U.S. Marine Corps, to be placed on the retired list in the grade of lieutenant general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

U.S. AIR FORCE

The Chief Clerk read the nomination of Lt. Gen. Donald N. Yates, 584(A) major general, Regular Air Force, U.S. Air Force, to be placed on the retired list in the grade of lieutenant general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

NOMINATIONS ORDERED TO LIE ON THE TABLE

The Chief Clerk proceeded to read sundry nominations which had been ordered to lie on the table.

Mr. MANSFIELD. Mr. President, I ask that the nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I move that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith of the confirmation of the nominations.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

THIRD SUPPLEMENTAL APPROPRIATION BILL—CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, on behalf of the Senator from Arizona [Mr. HAYDEN] the Chairman of the committee, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill—H.R. 5188—making supplemental appropriations for the fiscal year ending June 30, 1961, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. MANSFIELD. Mr. President, I did not wish to have the conference report agreed to; I simply wished to have it brought before the Senate, because the chairman of the committee, the distinguished Senator from Arizona [Mr. HAYDEN] will be present tomorrow to explain the report.

I ask unanimous consent that the action of the Senate, just taken, in agree-

ing to the conference report be reconsidered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana that the action of the Senate, just taken, in agreeing to the conference report be reconsidered? The Chair hears none, and it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, is the conference report on the third supplemental appropriation bill now the pending business?

The PRESIDING OFFICER. It is the pending business.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent the following additional routine business was transacted:

ADDITIONAL BILL INTRODUCED

Mr. HRUSKA, by unanimous consent, on behalf of himself and Senators COTTON and KEATING, introduced a bill (S. 1484) to provide for the representation of indigent defendants in criminal cases in the district courts of the United States, which was read twice by its title and referred to the Committee on the Judiciary.

(See the remarks of Mr. HRUSKA when he introduced the above bill, which appear under a separate heading.)

REPRESENTATION OF INDIGENT DEFENDANTS IN CRIMINAL CASES IN DISTRICT COURTS

Mr. HRUSKA. Mr. President, on behalf of myself, the Senator from New Hampshire [Mr. COTTON] and the Senator from New York [Mr. KEATING], I introduce, for appropriate reference, a bill to provide for the representation of indigent defendants in criminal cases in the district courts of the United States. I ask unanimous consent that an explanatory statement of the bill, prepared by me, may be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1484) to provide for the representation of indigent defendants in criminal cases in the district courts of the United States, introduced by Mr. HRUSKA (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

The statement presented by Mr. HRUSKA, is as follows:

STATEMENT OF SENATOR HRUSKA

The problem of representation for indigent defendants has long been the concern of our courts, the legal profession, the Department of Justice, and the Congress. There is common and widespread dissatisfaction with the present system of assigned counsel which imposes a heavy burden upon the bar; nor is it fair to destitute defendants who are often represented by counsel inexperienced in criminal matters even though they may be distinguished and even outstanding in other fields of the profession. A

serious fault in the present system is that the bar is required to serve without compensation or, for that matter, even without reimbursement for expenses which are incurred in the preparation of the case.

The urgent need for a more practicable means to fulfill the requirement of the sixth amendment that in all criminal prosecutions the accused shall have the right to the assistance of counsel for his defense was recognized by the Senate Judiciary Committee in favorably reporting S. 895 in the first session of the 86th Congress. This bill was passed by the Senate on May 20, 1959. I was happy to give my full support to the measure both in Committee and on the floor.

I am sending to the desk a bill which is a revised version of the measure passed in the last Congress. Many of the amendments which it contains are based on comments and recommendations made by members of the Federal judiciary, law school deans and professors, and members of the American Bar Association as reported in the House Judiciary Committee print of a survey on legislation related to this subject.

The bill introduced today provides for the appointment of public defenders by district courts on either a part-time or full-time basis, as dictated by the volume of work in those courts. It also leaves the district courts with the option of appointing special counsel for particular cases, if they feel this method would be more advantageous than the use of public defenders. Certain limitations are placed on remuneration paid and expenses incurred.

Before any public defender or assistant public defender is authorized in any district, there must be approval of the Judicial Council of the circuit. The bill provides for the appointment of clerks and investigators and the hiring of technical experts and other special personnel, subject to the approval of the court or the Administrative Office, whichever is appropriate in that case. It provides authorizations for the courts to use appointed special counsel when in their opinion such appointments are justified.

The bill makes it clear that counsel should be made available to indigent defendants as early as the preliminary examination and arraignment. It provides that the public defender and his assistant have at least 5 years of practice before the bar and that they be appointed for a term of 4 years.

The bill specifies that the salary of a public defender shall be in an amount determined by the Judicial Conference of the United States and that it shall be exceed that of the U.S. Attorney in the district concerned.

The bill provides for payment of assigned counsel at a rate determined by the court but not to exceed \$50 a day with a maximum limitation for the aggregate costs of such counsel in any district for 1 year of \$10,000.

In view of the increasing importance which has been attached to legislation on

this subject, it is hoped that the Senate Judiciary Committee will schedule hearings on all pending bills at an early date this year.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and at 7 o'clock and 53 minutes p.m., the Senate adjourned until tomorrow, Thursday, March 30, 1961, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 29, 1961:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

John M. Leddy, of Virginia, to be U.S. Executive Director of the International Bank for Reconstruction and Development for a term of 2 years.

U.S. ATTORNEYS

Floyd M. Buford, of Georgia, to be U.S. attorney for the middle district of Georgia for a term of 4 years, vice Frank O. Evans.

Edward F. Boardman, of Florida, to be U.S. attorney for the southern district of Florida for a term of 4 years, vice James L. Guilmarin, resigned.

Charles A. Muecke, of Arizona, to be U.S. attorney for the district of Arizona for a term of 4 years, vice Jack D. Hays, resigned.

James B. Brennan, of Wisconsin, to be U.S. attorney for the eastern district of Wisconsin for a term of 4 years, vice Edward G. Minor.

Joseph P. Hoey, of New York, to be U.S. attorney for the eastern district of New York for a term of 4 years, vice Cornelius W. Wickersham, Jr.

U.S. MARSHALS

Joseph N. Tierney, of Illinois, to be U.S. marshal for the northern district of Illinois for a term of 4 years, vice William W. Klipp, Sr.

John Terrill, of Wyoming, to be U.S. marshal for the district of Wyoming for a term of 4 years, vice Noah W. Riley.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 29, 1961:

U.S. AIR FORCE

Lt. Gen. Donald N. Yates, 584A (major general, Regular Air Force), U.S. Air Force, to be placed on the retired list in the grade of lieutenant general, under the provisions of section 8962, title 10, of the United States Code.

U.S. MARINE CORPS

Lt. Gen. Thomas A. Wornham, U.S. Marine Corps, to be placed on the retired list in the grade of lieutenant general in accordance with title 10, United States Code, section 5233.

Having designated, in accordance with the provisions of title 10, United States Code, section 5232, Maj. Gen. Alan Shapley, U.S. Marine Corps, for commands and other duties determined by the President to be within the contemplation of said section, I nominate him for appointment to the grade of lieutenant general while so serving.

U.S. ARMY

The following named officers to be placed on the retired list in the grades indicated, under the provisions of title 10, United States Code, section 3962:

To be general

Gen. Carter Bowie Magruder, O15155, Army of the United States (major general, U.S. Army).

To be lieutenant generals

Lt. Gen. Emercon Charles Itschner, O15516, Army of the United States (major general, U.S. Army).

Lt. Gen. Robert Milchrist Cannon, O16163, Army of the United States (major general, U.S. Army).

Lt. Gen. Thomas Leonard Harrold, O16051, Army of the United States (major general, U.S. Army).

Lt. Gen. Gordon Byrom Rogers, O15620, Army of the United States (major general, U.S. Army).

Lt. Gen. John Albert Dabney, O16602, Army of the United States (major general, U.S. Army).

The following named officers under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Lt. Gen. Guy Stanley Meloy, Jr., O16892, Army of the United States (major general, U.S. Army), in the rank of general.

Maj. Gen. Andrew Thomas McNamara, O17324, U.S. Army, in the rank of lieutenant general.

Maj. Gen. John Knight Waters, O18481, U.S. Army, in the rank of lieutenant general.

Maj. Gen. Hugh Pate Harris, O18518, Army of the United States (brigadier general, U.S. Army), in the rank of lieutenant general.

The nominations beginning Harry W. Miller 2d, to be captain, and ending William W. Watkin, Jr., to be professor of earth, space and graphic sciences, U.S. Military Academy, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 3, 1961.

IN THE NAVY AND MARINE CORPS

The nominations beginning Richard V. Aamodt, to be an ensign in the Navy, and ending Mel J. Swanborn, to be a first lieutenant in the Marine Corps, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 20, 1961.

and progress" in the manner exemplified by the American and Italian struggles for unity and independence.

The President hailed Italy's age-old contributions to world history and said that country's achievements since 1945 had been "surely the most inspiring experience of the postwar era."

He spoke at a ceremony marking the 100th anniversary of the unification of Italy. The centennial ceremony, sponsored by a committee of leading Italian-Americans, was held at the State Department auditorium here.

Mr. Kennedy told about 1,000 invited guests at the centennial ceremony that many of those present were not Italian by blood or birth but "all of us in a large sense are beneficiaries of the Italian experience."

"So much of what we are and so much of what we believe had its origin in this rather small spear of land stretching into the Mediterranean," Mr. Kennedy said, "that it is an honor as President of the United States to participate in this important occasion in the life of a friendly country, Italy."

The President paid tribute to the millions of citizens of Italian descent who have added to the strengthening of life in this country.

"The ancient ties between Italy and the United States have never been stronger," he said, "than they are at the present."

Among the distinguished guests in attendance at the ceremonies were Mrs. Kennedy, Vice President Lyndon B. Johnson, Justice Felix Frankfurter, the members of the President's Cabinet, and many Members of the House and Senate, including our revered Speaker, Mr. Rayburn, as well as Senators Kefauver and Cooper.

RECESS

The SPEAKER. The House will stand in recess subject to the call of the Chair, 15 minutes' notice to be given.

Accordingly (at 5 o'clock and 22 minutes p.m.) the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 6 o'clock and 8 minutes p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5463. An act to amend and extend the Sugar Act of 1948, as amended.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. CARLSON, and Mr. BENNETT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1163. An act to amend section 510 of the Interstate Commerce Act so as to extend for fifteen months the loan guaranty authority of the Interstate Commerce Commission.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMATHERS, Mr. LAUSCHE, Mr. MONROE, Mr. SCHOEPPPEL, and Mr. BUTLER to be the conferees on the part of the Senate.

EXTEND AND AMEND THE SUGAR ACT

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill—H.R. 5463—to amend and extend the Sugar Act of 1948, as amended, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mrs. MAY. Mr. Speaker, reserving the right to object, may I propound a parliamentary inquiry?

The SPEAKER. The gentlewoman will state it.

Mrs. MAY. Mr. Speaker, may I offer a preferential motion?

The SPEAKER. There is nothing before the House except the unanimous-consent request of the gentleman from North Carolina [Mr. COOLEY].

Is there objection to the request of the gentleman from North Carolina?

Mr. ROGERS of Texas. Mr. Speaker, reserving the right to object, I should like to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ROGERS of Texas. If an objection is made, does the bill go back to the committee having jurisdiction?

The SPEAKER. It does not; and the Committee on Rules, I am sure, would be called together immediately and asked to report a rule to send the bill to conference.

Mr. ROGERS of Texas. Mr. Speaker, a further parliamentary inquiry: If that were done, then would the preferential motion of the gentlewoman from Washington be in order?

The SPEAKER. Probably not.

Mr. HALLECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALLECK. When the conference report comes back, would a motion to recommit be in order at that time?

The SPEAKER. If the House acts first.

Mr. HALLECK. In other words, if the House acts first, when the conference report comes back, then a motion to recommit would be in order?

The SPEAKER. If the House acts first, a motion to recommit a conference report would be in order.

Is there objection to the request of the gentleman from North Carolina? The Chair hears none, and appoints the following conferees: Messrs. COOLEY,

THOMPSON of Texas, JONES of Missouri, HOEVEN, and DAGUE.

The SPEAKER. The House will stand in recess subject to the call of the Chair.

Accordingly (at 6 o'clock and 10 minutes p.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 8 o'clock and 4 minutes p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 32. Joint resolution to designate the first day of May of each year as "Law Day U.S.A."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5463) entitled "An act to amend and extend the Sugar Act of 1948, as amended."

EXTEND AND AMEND THE SUGAR ACT

Mr. COOLEY submitted the following conference report and statement on the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended:

CONFERENCE REPORT (REPT. NO. 212)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 8.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, and 6, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "special consideration," and the Senate agree to the same.

HAROLD D. COOLEY,
CLARK W. THOMPSON,
PAUL C. JONES,
CHARLES B. HOEVEN,
PAUL B. DAGUE,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
RUSSELL LONG,
GEO. A. SMATHERS,
FRANK CARLSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 5463 to amend and

extend the Sugar Act of 1948, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

As agreed to by the conferees, the bill reported back herewith is different from the bill as adopted by the House in only two respects: (1) The termination date and (2) the provision giving special consideration to countries of the Western Hemisphere and countries purchasing United States agricultural commodities in the allotment of ex-quota purchases of sugar.

Termination date: The House conferees have agreed to an extension of 15 months (to June 30, 1962) instead of the 21 months (to December 31, 1962) provided in the House bill.

Ex-quota purchases: The House bill provided that "consideration" should be given in ex-quota purchases to "countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities." The Senate adopted an amendment changing the word "consideration" to "preference." The conferees have agreed on the words "special consideration" in lieu of the Senate amendment.

Provision for new growers: The Senate adopted an amendment giving domestic areas absolute priority on any quota withdrawn from Cuba and giving "new and potential producers of sugar beets and sugar cane" certain consideration in the event restrictive proportionate shares are reimposed on domestic beet or cane production.

The Senate receded from this amendment with the understanding that hearings on a long-range sugar bill will be started by the House Committee on Agriculture early in May and that every effort will be made to report a bill and pass it through the House at this session of Congress. The House conferees also expressed the hope that the Senate Committee on Finance would undertake hearings contemporaneously with those of the House so that long-range sugar legislation might be enacted at the earliest practicable date.

HAROLD D. COOLEY,
CLARK W. THOMPSON,
PAUL C. JONES,
CHARLES B. HOEVEN,
PAUL B. DAGUE,

Managers on the Part of the House.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

Mr. COOLEY. Mr. Speaker, I yield to my colleague the gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to extend her remarks at this point in the RECORD.)

Mrs. MAY. Mr. Speaker, I should like to clarify for the record the intent of my effort to offer a preferential motion at the time the conferees were appointed on H.R. 5463, extending the Sugar Act

of 1948. I offered this motion in an attempt to make the motion that the House agree to concur with H.R. 5463 as amended by the Senate. When this motion was ruled out of order, the minority leader at my request made parliamentary inquiry if a motion to recommit the bill would be in order. It was stated by the Speaker that the motion to recommit would be in order if the House acted first upon the conference report. It was my intention to offer this motion to recommit if the conference report was presented first to the House for action. I wanted to do this in an attempt to keep the Senate amendment providing special consideration to new growers in domestic sugar areas for allocation of quota because of my oft-stated request that these new areas must get this action from Congress if we are to attract processing mills into their regions. Since the conference committee refused to accept the Senate amendment on this new grower provision, then my motion to recommit would have been for the purpose of having the amendment restored to the bill. However, the House did not have the opportunity to act first, and the Senate accepted the conference report, consequently it was impossible for me to offer my recommittal motion.

Mr. COOLEY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ADJOURNMENT FROM THURSDAY, MARCH 30, 1961, TO MONDAY, APRIL 10, 1961

Mr. McCORMACK. Mr. Speaker, I offer a concurrent resolution and ask for its immediate consideration.

The Clerk read as follows:

H. CON. RES. 211

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, March 30, 1961, it stand adjourned until 12 o'clock meridian on Monday, April 10, 1961.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZATION TO RECEIVE MESSAGES AND SIGN BILLS DURING ADJOURNMENT OF THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until April 10, 1961, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AUTHORIZATION FOR THE SPEAKER TO ENTERTAIN MOTIONS TO SUSPEND THE RULES, ETC.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that on Tuesday, April 11, 1961, it shall be in order for the speaker to entertain motions to suspend the rules notwithstanding the provisions of clause 1, rule XXVII, that it shall be in order to consider business under clause 4, rule XIII, the Consent Calendar rule, and that on the same date the Private Calendar may be called.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. HALLECK. Mr. Speaker, reserving the right to object—and I shall not object, on the condition that since this is not a regular day for suspensions, no bills will be called for suspension unless they have been cleared with the minority leadership.

Mr. McCORMACK. That is absolutely correct. I might say that any committees or members of committees handling bills who desire to submit them to the Speaker for suspension on April 11 should also send a letter to the Minority Leader so that he can be advised. I can assure the gentleman that as far as the Speaker and I are concerned, the gentleman will be consulted in accordance with the agreement that has just been made by me.

Mr. HALLECK. If I may add further, as I understand it, probably at the moment there could be no definite statement as to what bills might be called, but this provision is made simply to meet some emergency that might arise.

Mr. McCORMACK. I rather agree with the first part of the gentleman's statement that we have no knowledge as to what bills might be called, but no bill will be put on the suspension calendar without consultation with the Minority Leader. I might also say for the information of the House that I have no knowledge of any business for Monday, April 10.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Iowa.

Mr. GROSS. May I ask the gentleman from Massachusetts if there is any business scheduled for tomorrow?

Mr. McCORMACK. No.

Mr. GROSS. I thank the gentleman.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Arkansas.

Mr. HARRIS. I am sorry I have not had an opportunity to discuss this with the gentleman from Massachusetts, but I have just been advised, only a very few minutes ago, that the other body passed the bill to extend the guarantee loan provision for the railroad industry with an amendment or two. I am endeavoring to stress the importance of the fact that the bill expires on the 31st of the month, and that I wish to ask for a conference and get an agreement by noon tomorrow to take up the conference report, because there is relatively unani-

Public Law 87-15
87th Congress, H. R. 5463
March 31, 1961

AN ACT

To amend and extend the Sugar Act of 1948, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective March 31, 1961, section 412 of the Sugar Act of 1948 (relating to termination of the powers of the Secretary under the Act) is amended to read: "The powers vested in the Secretary under this Act shall terminate on June 30, 1962, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1962 and previous crop years".

Sugar Act of 1948, amendment. 65 Stat. 320; 74 Stat. 330. 7 USC 1101 note.

SEC. 2. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "September 30, 1961" in each place it appears therein and inserting in lieu thereof "December 31, 1962".

68A Stat. 533; 74 Stat. 330. 26 USC 4501.

(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "September 30, 1961" where it first appears therein and inserting in lieu thereof "December 31, 1962", and by striking out "September 30, 1961" where it appears therein the second time and inserting in lieu thereof "March 31, 1963".

26 USC 6412.

SEC. 3. Effective March 31, 1961, section 408 of the Sugar Act of 1948, as amended (relating to suspension of quotas), is amended by striking out of subsection (b) "for the period ending March 31, 1961" and inserting "for the period ending June 30, 1962"; and by striking out of paragraph (b) (1) "for the balance of calendar year 1960 and for the three-month period ending March 31, 1961" and inserting "for the period ending June 30, 1962"; and by inserting immediately before the colon in subparagraph (2)(iii) of subsection (b) a semicolon and the words "except that any amount which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased" and by inserting in the "provided" clause a comma after the phrase "additional amounts of sugar" and inserting immediately thereafter the phrase "including any amounts which would otherwise be purchased from any such country with which the United States is not in diplomatic relations,"; and by striking out the semicolon at the end of subparagraph (b) (2) (iii) and inserting "except that special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities;"

61 Stat. 933; 74 Stat. 330. 7 USC 1158.

75 STAT. 40.
75 STAT. 41.

Approved March 31, 1961.

